

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF THE JERSEY COMPANIES LAW.

This document contains a proposal which, if implemented, will result in the cancellation of the listing of Shire Shares on the Official List and of trading of Shire Shares on the London Stock Exchange and of trading of Shire ADSs on NASDAQ. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.

If you sell, have sold or otherwise have transferred all of your Shire Shares or Shire ADSs, please send this document and the accompanying documents (other than documents or forms personal to you) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. These documents must not, however, be forwarded, distributed or transmitted in, or into, any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell, have sold, or otherwise have transferred only part of your holding of Shire Shares or Shire ADSs, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and any accompanying documents (in whole or in part) in or into or from jurisdictions other than Jersey and the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and/or any accompanying document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended cash and share offer

for

Shire plc

by

Takeda Pharmaceutical Company Limited

**to be effected by means of a Scheme of Arrangement under
Article 125 of the Companies (Jersey) Law 1991, as amended**

Neither this document nor any of the accompanying documents do, nor are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus.

This document (including all information incorporated into this document by reference to another source) should be read as a whole and in conjunction with the Forms of Proxy (or, if applicable, the ADS Voting Card), Form of Election and its accompanying notes and any document incorporated by reference. Your attention is drawn to the letter from the Chairman of Shire in Part I of this document, which contains the unanimous recommendation of the Shire Directors that you vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting. A letter from Citigroup Global Markets Limited, Goldman Sachs International and Morgan Stanley & Co. International plc explaining the Scheme appears in Part II of this document.

Notices of the Court Meeting and the Shire General Meeting, both of which will be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland on December 5, 2018, are set out in Parts XII (Notice of Court Meeting) and XIII (Notice of Shire General Meeting) of this document, respectively. The Court Meeting will start at 11.15 a.m. (London time) and the Shire General Meeting at 11.30 a.m. (London time) (or as soon thereafter as the Court Meeting shall have been concluded or adjourned).

Action to be taken by Shire Shareholders and Shire ADS Holders is set out on pages 5 to 18 of this document. Whether or not they intend to attend the Court Meeting or the Shire General Meeting in person, Shire Shareholders are asked to complete and return the accompanying BLUE and YELLOW Forms of Proxy (or appoint a proxy, electronically, as referred to in this document) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by Equiniti not later than 11.15 a.m. (London time) on December 3, 2018 in the case of the Court Meeting and 11.30 a.m.

(London time) on December 3, 2018 in the case of the Shire General Meeting (or, if the Court Meeting or the Shire General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned meeting). Shire Shareholders who hold Shire Shares in CREST may also appoint a proxy through the CREST electronic proxy appointment service by following the instructions set out on page 6 of this document. If the BLUE Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to Equiniti on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the Shire General Meeting, if the YELLOW Form of Proxy is not lodged by the relevant time, it will be invalid. The return of a completed Form of Proxy or the appointment of a proxy electronically or through CREST will not prevent a Shire Shareholder from attending the Court Meeting or the Shire General Meeting and speaking and voting at the relevant Shire Meeting in person if they are entitled and wish to do so. Registered Shire ADS Holders are asked to complete and return their ADS Voting Cards in accordance with the instructions on the ADS Voting Card as soon as possible. If you hold such Shire ADSs indirectly, you must rely on the procedures of the custodian, broker or other agent through which you hold your Shire ADSs if you wish to provide voting instructions.

Shire Shareholders (other than Restricted Shire Shareholders) may make certain Elections in relation to the non-cash portion of the Consideration and the currency of the cash portion of the Consideration payable to them under the Scheme by completing and returning a Form of Election or (where applicable) by making a TTE Instruction. Shire Shareholders should refer to pages 5 to 18 of this document for instructions on how to complete a Form of Election or (where applicable) make a TTE Instruction.

Certain terms used in this document are defined in Part XI (Definitions).

If you have any questions about this document, the Court Meeting or the Shire General Meeting, or are in any doubt as to how to complete the Forms of Proxy, lodge a Form of Election or make a TTE Instruction, please call Equiniti between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0330 123 5506 (if calling from within the UK) or +44 (0)121 415 0856 (if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that calls may be monitored or recorded and Equiniti cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

Shire ADS Holders should refer to Part X (Further information for Shire ADS Holders) of this document, which contains important information relevant to such holders. The helpline for Shire ADS Holders is provided by the Shire Depositary and is available between 8.30 a.m. and 6.00 p.m. (New York time) Monday to Friday (except public holidays in the US) toll free from within the US on +1 866 395 6421 or +1 781 575 4555 if calling from outside the US. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the US will be charged at the applicable international rate.

If you have recently purchased or been transferred Shire ADSs and you are a registered holder of Shire ADSs, you should contact the helpline for Shire ADS Holders on the number indicated above to obtain an ADS Voting Card. If you hold such Shire ADSs indirectly, you should contact the custodian, broker or other agent through which you hold such Shire ADSs for details on how to provide voting instructions. Please note that only Shire ADS Holders as of the ADS Voting Record Time are entitled to instruct the Shire Depositary on how to vote the Shire Shares represented by their Shire ADSs.

Citigroup Global Markets Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively as financial adviser to Shire and no one else in connection with the Acquisition, the contents of this document and the matters described herein, and shall not be responsible to anyone other than Shire for providing the protections afforded to clients of Citi or for providing advice in connection with the Acquisition, the contents of this document or any matter referred to herein. Neither Citi nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, in contract, in tort, under statute or otherwise) to any person who is not a client of Citi in connection with the Acquisition, the contents of this document or any matter referred to herein.

Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively as financial adviser to Shire and no one else in connection with the Acquisition, the contents of this document and the matters described herein, and shall not be responsible to anyone other than Shire for providing the protections afforded to clients of Goldman Sachs or for providing advice in connection with the Acquisition, the contents of this document or any matter referred to herein. Neither Goldman Sachs nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, in contract, in tort, under statute or otherwise) to any person who is not a client of Goldman Sachs in connection with the Acquisition, the contents of this document or any matter referred to herein.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting

exclusively as financial adviser to Shire and no one else in connection with the Acquisition, the contents of this document and the matters described herein, and shall not be responsible to anyone other than Shire for providing the protections afforded to clients of Morgan Stanley or for providing advice in connection with the Acquisition, the contents of this document or any matter referred to herein. Neither Morgan Stanley nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, in contract, in tort, under statute or otherwise) to any person who is not a client of Morgan Stanley in connection with the Acquisition, the contents of this document or any matter referred to herein.

Evercore Partners International LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively to Takeda and no one else in connection with the Acquisition and this document and will not regard any other person as its client in relation to the Acquisition or this document and shall not be responsible to anyone other than Takeda for providing the protections afforded to clients of Evercore, or for providing advice in connection with the Acquisition, this document or any matter referred to herein. Neither Evercore nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, in contract, in tort, under statute or otherwise) to any person who is not a client of Evercore in connection with the Acquisition, this document or any matter referred to herein.

JPMorgan Securities Japan Co., Ltd., together with its affiliate J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove and which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority), is acting as financial adviser exclusively to Takeda and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and shall not be responsible to anyone other than Takeda for providing the protections afforded to clients of J.P. Morgan, or for providing advice in connection with the Acquisition or any matter referred to herein.

Nomura International plc, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting as financial adviser exclusively to Takeda and no one else in connection with the Acquisition and this document and Nomura, its affiliates and its respective officers, employees, agents, representatives and/or associates will not regard any other person as their client, nor will they be responsible to anyone other than Takeda for providing the protections afforded to clients of Nomura or for giving advice in relation to the Acquisition, this document or any matter referred to herein. Neither Nomura nor any of its subsidiaries, branches or affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, in contract, in tort, under statute or otherwise) to any person who is not a client of Nomura in connection with the Acquisition, this document or any matter referred to herein.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by Shire, the Shire Directors, Takeda, the Takeda Directors or by Citi, Goldman Sachs, Morgan Stanley, Evercore, J.P. Morgan, Nomura or any other person involved in the Acquisition. Neither the delivery of this document nor holding the Shire Meetings, the Court Sanction Hearing, or filing the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the Shire Group or the Takeda Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

IMPORTANT NOTICES

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy any securities by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; and/or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or where the making of such offer, solicitation or invitation would impose any unfulfilled registration, qualification, publication or approval requirements on Shire, Takeda or any of their respective directors, officers, agents, affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither Shire nor Takeda, nor their respective directors, officers, agents, affiliates or advisers accepts any responsibility for any violation of any of these restrictions by any other person.

Notice to Overseas Shareholders

The release, publication or distribution of this document and/or any accompanying documents (in whole or in part) in, or into, or from jurisdictions other than Jersey and the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document and/or any accompanying document comes should inform themselves about, and observe, any such restrictions or other applicable requirements. In particular, the ability of persons who are not resident in Jersey or the United Kingdom to vote their Shire Shares with respect to the Scheme at the Court Meeting, to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, or to hold or vote Takeda Shares may be affected by the laws of the relevant jurisdiction in which they are located. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

This document and the accompanying documents have been prepared for the purposes of complying with Jersey law, the Takeover Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction. Nothing in this document or the accompanying documents should be relied upon for any other reason. This document is not a prospectus for the purposes of the Companies (General Provisions) (Jersey) Order 2002.

Unless otherwise determined by Takeda or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction. No person may vote in favour of the Acquisition by any use, means, instrumentality or form, and the Acquisition will not be capable of acceptance, from or within a Restricted Jurisdiction, if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and any accompanying documents are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, where to do so would violate the laws in that jurisdiction, and persons receiving this document and/or accompanying documents (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from Restricted Jurisdictions, where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction outside Jersey or the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of such jurisdiction.

If the Acquisition is implemented by way of a Takeover Offer, then, unless, otherwise permitted by applicable law and regulation, the Takeover Offer may not be made, directly or indirectly, in or into, or

by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of the New Takeda Securities under the Acquisition to Shire Shareholders who are on the register of members of Shire at the Scheme Record Time and who are not resident in Jersey or the United Kingdom, or the ability of those persons to continue to hold such securities, may be affected by the laws or regulatory requirements of the relevant jurisdiction in which they are resident. Persons into whose possession this document and/or any accompanying document comes who are not resident in Jersey or the United Kingdom should inform themselves of, and observe, any applicable requirements. Shire Shareholders who are in any doubt regarding such matters should consult an appropriate independent financial adviser in their relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Takeda Securities may not be offered, sold or delivered, directly or indirectly, in, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any Restricted Shire Shareholder except pursuant to an applicable exemption from, or in a transaction not subject to, applicable securities laws of those jurisdictions, or otherwise permitted under applicable securities laws of those jurisdictions.

Additional information for US Shareholders and US ADS Holders

None of the SEC, any state securities commission in the United States or any other US regulatory authority has passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

The Acquisition relates to the shares of a Jersey company and is being made by means of a scheme of arrangement provided for under the Jersey Companies Law and, accordingly, is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. The New Takeda Securities to be issued under the Scheme have not been registered under the US Securities Act, or applicable state securities laws, and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) of the US Securities Act on the basis of the approval of the Court.

For the purpose of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Shire will advise the Court that its sanctioning of the Scheme will be relied on by Takeda as an approval of the Scheme following a hearing on its fairness to Shire Shareholders, at which Court hearing all Shire Shareholders on the register of members at the Voting Record Time are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification will be given to all such holders.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of Takeda within 90 calendar days of the Effective Date may not resell the New Takeda Securities received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Shire Shareholders and Shire ADS Holders who believe they may be or become (within 10 calendar days of the Effective Date) affiliates for the purposes of the US Securities Act should consult their own legal advisers before any resale of New Takeda Securities received under the Scheme.

The New Takeda Securities generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than “affiliates” as described in the paragraph above) may resell them without restriction under the US Securities Act.

US Shareholders and US ADS Holders should be aware that the exchange of their Shire Shares or Shire ADSs for New Takeda Securities and/or cash as described herein is expected to be a taxable

exchange for US federal income tax purposes. For a general summary of certain material US federal income tax considerations of exchanging Shire Shares or Shire ADSs for New Takeda Securities and/or cash pursuant to the Scheme for US Shareholders and US ADS Holders, see Part VII (Taxation) of this document.

US Shareholders and US ADS Holders are advised to consult their own tax advisers to determine the particular United States tax consequences to them of the Scheme in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local or other taxing jurisdiction.

The Acquisition is subject to the disclosure requirements and practices applicable in the United Kingdom and Jersey to schemes of arrangement which differ from the disclosure requirements of United States tender offer and proxy solicitation rules and the US Securities Act.

Financial information of Shire included in this document has been prepared in accordance with US GAAP. Financial information of Takeda included in this document has been prepared in accordance with IFRS, which may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US GAAP.

It may be difficult for US Shareholders to enforce their rights and any claim arising out of the US securities laws against Takeda and Shire, since Takeda and Shire are located primarily in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to the jurisdiction and judgment of a US court.

If, in the future, Takeda exercises the right to implement the Acquisition by way of a Takeover Offer, the Acquisition will be made in compliance with applicable United States laws and regulations, including any applicable exemptions under the US Exchange Act.

Further information

This document, including, in particular, the letter from the Chairman of Shire in Part I (Letter from the Chairman of Shire plc) and the Explanatory Statement in Part II (Explanatory Statement), has been prepared solely to assist Shire Shareholders and Shire ADS Holders in deciding how to vote on the Scheme. The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part III (The Scheme of Arrangement) of this document. Shire Shareholders and Shire ADS Holders are urged to read and consider carefully the text of the Scheme itself.

Shire Shareholders and Shire ADS Holders are urged to read in particular the risk factors set out in Appendix I (Risk Factors) to this document and the other information relating to the New Takeda Securities set out in Part V (Takeda Securities) of this document.

Shire Shareholders and Shire ADS Holders should not construe anything contained in this document as legal, financial or tax advice and should consult their own professional advisers for any such advice.

Medical information

This document contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any prescription drugs, including the ones under development.

Forward-looking statements

This document contains certain statements about the Shire Group, Takeda Group and the Combined Group that are, or may be, "forward-looking statements", which are prospective in nature. All statements other than statements of historical or current fact included in this document and any accompanying

documents are forward-looking statements. Without limitation, forward-looking statements often include words such as “targets”, “plans”, “believes”, “hopes”, “continues”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “would”, “could”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document and any accompanying documents could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the possibility that the Acquisition will not be pursued or consummated, failure to obtain necessary regulatory approvals or to satisfy any of the other Conditions to the Acquisition if it is pursued, adverse effects on the market price of Takeda Shares, Shire Shares, Takeda ADSs or Shire ADSs and on Takeda’s or Shire’s operating results because of a failure to complete the Acquisition, failure to realise the expected benefits of the Acquisition, negative effects relating to any further announcements relating to the Acquisition or the consummation of the Acquisition on the market price of Takeda Shares, Shire Shares, Takeda ADSs or Shire ADSs, significant transaction costs and/or unknown liabilities, general economic and business conditions that affect the Combined Group following the consummation of the Acquisition, changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business combinations or disposals and competitive developments. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and Shire Shareholders and Shire ADS Holders are therefore cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

Additional information about economic, competitive, governmental, technological and other factors that may affect future results are contained in: (i) Appendix I (Risk Factors) to this document; and (ii) Shire’s most recent annual report on Form 10-K and in Shire’s subsequent quarterly reports on Form 10-Q, in each case including those risks outlined in ‘ITEM1A: Risk Factors’ (available at www.shire.com and www.sec.gov), the contents of which are not incorporated by reference into, nor do they form part of, this document. These risk factors expressly qualify all forward-looking statements contained in this document and should also be considered by the reader.

All forward-looking statements attributable to Takeda or Shire or any person acting on either company’s behalf are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by applicable law, neither Takeda nor Shire undertakes any obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecasts or estimates or quantified financial benefits statements

Unless expressly stated otherwise, no statement in this document is intended as a profit forecast, profit estimate or quantified financial benefits statement and no statement in this document should be interpreted to mean that earnings per Shire Share or Takeda Share for the current or future financial years would necessarily match or exceed the respective historical published earnings per Shire Share or Takeda Share or to mean that the Combined Group’s earnings in the first 12 months following completion of the Acquisition, or in any subsequent period, would necessarily match or be greater than those of the Shire Group or the Takeda Group for the relevant preceding financial period or any other period.

Rounding

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Provision of information

Please be aware that addresses, electronic addresses and certain other information provided by Shire Shareholders, Shire ADS Holders, persons with information rights and other relevant persons for the receipt of communications from Shire may be provided to Takeda during the Offer Period as required under Section 4 of Appendix 4 to the Takeover Code.

Publication on website and availability of hard copies

A copy of this document, together with all information incorporated into this document by reference, will be made available, subject to certain restrictions relating to persons resident, located or with a registered address in a jurisdiction where the availability of the Acquisition would breach any applicable law, on Shire's and Takeda's websites at www.shire.com and www.takeda.com, respectively, by no later than 12 noon (London time) on the Business Day following the date of publication of this document. **Except as expressly referred to in this document, the contents of the websites referred to in this document are not incorporated into, and do not form part of, this document.**

You may request a hard copy of this document and all information incorporated into this document by reference by writing to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or by calling them on 0330 123 5506 if calling from within the UK or +44 (0)121 415 0856 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. The helpline is open between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If you hold Shire ADSs, you should instead make the request by writing to the Shire Depository, c/o Citibank Shareholder Services, PO Box 43099, Providence, RI 02940-5000, USA. The Shire Depository can also be reached by calling them between 8.30 a.m. and 6.00 p.m. (New York time) on +1 866 395 6421 toll free from within the US or +1 781 575 4555 if calling from outside the US. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the US will be charged at the applicable international rate.

You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror before the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing

concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Date of publication

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times unless otherwise stated. All dates and times are indicative only, are based on Shire's and Takeda's current expectations and are subject to change (including as a result of changes to Court times). If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Shire Shareholders and Shire ADS Holders by announcement through a Regulatory Information Service, which Shire will furnish to the SEC on Form 8-K.

Event	Expected time/date
ADS Voting Record Time	5.00 p.m. (New York time) on November 7, 2018
Latest time for receipt of ADS Voting Cards (or valid telephone or internet voting instructions) for the Court Meeting and the Shire General Meeting	10.00 a.m. (New York time) on November 29, 2018 ⁽¹⁾
Latest time for receipt of Forms of Proxy for:	
• Court Meeting (BLUE form)	11.15 a.m. on December 3, 2018 ⁽²⁾
• Shire General Meeting (YELLOW form)	11.30 a.m. on December 3, 2018 ⁽³⁾
Voting Record Time	6.30 p.m. on December 3, 2018 ⁽⁴⁾
Takeda Extraordinary General Meeting	10.00 a.m. (Tokyo time) on December 5, 2018
Court Meeting	11.15 a.m. on December 5, 2018⁽⁵⁾
Shire General Meeting	11.30 a.m. on December 5, 2018⁽⁵⁾⁽⁶⁾
<i>The following dates are indicative only and subject to change; please see note (7) below:</i>	
Last time for Shire ADS Holders to present their Shire ADSs for cancellation and take delivery of Shire Shares to become Shire Shareholders before the Scheme Record Time	5.00 p.m. (New York time) on December 26, 2018
Latest time for receipt of Forms of Election	6.00 p.m. on January 2, 2019
Court Sanction Hearing	10.00 a.m. on January 3, 2019
Last time for dealings in Shire Shares on the London Stock Exchange	4.30 p.m. on January 4, 2019
Latest time for receipt of TTE Instructions and disablement of Shire Shares in CREST	6.00 p.m. on January 4, 2019
Scheme Record Time	6.00 p.m. on January 4, 2019
Last time for dealings in Shire ADSs on NASDAQ	close of business (New York time) on January 4, 2019
Suspension of dealings in Shire Shares on the London Stock Exchange	before open of business on January 7, 2019
Halt of dealings in Shire ADSs on NASDAQ	before open of business (New York time) on January 7, 2019
Commencement of "when issued" dealings in the New Takeda ADSs on the New York Stock Exchange	9.30 a.m. (New York time) on January 7, 2019
Effective Date of the Scheme	January 8, 2019

Event	Expected time/date
Effective date of the issue of the New Takeda Shares	January 8, 2019
Cancellation of listing of Shire Shares on the premium listing segment of the Official List and the main market of the London Stock Exchange	8.00 a.m. on January 9, 2019
Delisting of Shire ADSs	by 9.30 a.m. (New York time) on January 9, 2019
Settlement Account credited with New Takeda Shares	by 00.01 a.m. (9.01 a.m. (Tokyo time)) on January 10, 2019
New Takeda Shares transferred from the Settlement Account to JASDEC Accounts of former Shire Shareholders	from January 10, 2019, but in any event not later than 14 calendar days after the Effective Date ⁽⁸⁾
Listing of, and commencement of dealings in, the New Takeda Shares on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges	January 10, 2019
New Takeda Shares transferred from the Settlement Account to the Takeda Depository's JASDEC Account	January 10, 2019
New Takeda ADSs and CDIs representing New Takeda ADSs delivered to former Shire Shareholders	from January 10, 2019, but in any event not later than 14 calendar days after the Effective Date ⁽⁹⁾
New Takeda ADSs delivered to former Shire ADS Holders	from January 10, 2019 ⁽¹⁰⁾
Listing of, and commencement of regular-way dealings in, New Takeda ADSs on the New York Stock Exchange	by 9.30 a.m. (New York time) on January 11, 2019 ⁽¹¹⁾
CREST accounts of former Shire Shareholders credited with cash due under the Scheme and in relation to fractional entitlements	within 14 calendar days of the Effective Date ⁽¹²⁾
Processing of electronic BACs transfers to former Shire Shareholders in respect of cash due under the Scheme and in relation to fractional entitlements	within 14 calendar days of the Effective Date
Despatch of cheques to former Shire Shareholders for the cash due under the Scheme and in relation to fractional entitlements	within 14 calendar days of the Effective Date
Despatch of cheques to former Shire Shareholders in relation to the New Takeda Shares sold under the Dealing Facility	within 14 calendar days of the Effective Date
Payment of the cash due to former Shire ADS Holders by the Shire Depository	following receipt of funds by the Shire Depository ⁽¹³⁾
Latest date by which Scheme may become Effective	May 8, 2019 ⁽¹⁴⁾

Notes:

- (1) In order to validly instruct the Shire Depository as to voting at the Shire Meetings, the ADS Voting Card must be received by the Shire Depository by 10.00 a.m. (New York time) on November 29, 2018 for each Shire Meeting or, if either Shire Meeting is adjourned, such later date as may be notified by the Shire Depository, having consulted with Shire. Please see "Action to be taken" on pages 5 to 18.
- (2) The BLUE Form of Proxy for the Court Meeting, if not received by Equiniti by the time stated above, may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting.

- (3) In order to be valid, the YELLOW Form of Proxy must be received by Equiniti not later than 11.30 a.m. on December 3, 2018 (or, if the Shire General Meeting is adjourned, not later than 48 hours before the time appointed for the adjourned Shire General Meeting).
- (4) If either the Court Meeting or the Shire General Meeting is adjourned, the Voting Record Time for the relevant adjourned Shire Meeting will be 6.30 p.m. (London time) on the date falling two calendar days before the date appointed for such adjourned Shire Meeting and the ADS Voting Record Time for the relevant adjourned Shire Meeting will be such later date as may be notified by the Shire Depositary, having consulted with Shire.
- (5) In the event that the Takeda Extraordinary General Meeting is postponed or adjourned, the Court Meeting and Shire General Meeting will be adjourned so that they will take place on the same date as the Takeda Extraordinary General Meeting.
- (6) To commence at 11.30 a.m. (London time) or as soon thereafter as the Court Meeting shall have concluded or been adjourned.
- (7) These times and dates are indicative only and represent the earliest possible dates for the relevant principal events. These dates will depend, among other things, on the dates upon which: (i) the Conditions are satisfied or (where applicable) waived; (ii) the European Commission gives its approval to proceed to completion of the Acquisition (see paragraph 7 of Part I (Letter from the Chairman of Shire PLC) of this document for further details); (iii) the Court sanctions the Scheme; and (iv) the Court Order is delivered to the Registrar of Companies. If it becomes necessary to change any of the dates and/or times in the expected timetable, including as a result of the timing of receipt of approval from the European Commission to proceed to completion of the Acquisition, it is intended that the Effective Date will be as soon as practicable after January 8, 2019. Shire will give adequate notice of any changes by issuing an announcement through a Regulatory Information Service and will furnish such announcement to the SEC on Form 8-K.
- (8) In order to avoid a delay in the completion of any such transfer, Shire Shareholders who make a valid JASDEC Election to deliver their New Takeda Shares into an account with an AMI should contact their AMI to confirm any necessary steps in order for the AMI to record the delivery of the New Takeda Shares from the Settlement Account.
- (9) The date on which New Takeda ADSs will be delivered to Shire Shareholders will depend on the type of ADS Election made. In order to avoid a delay in receiving their New Takeda ADSs, Shire Shareholders who make a valid ADS Election to deliver their New Takeda ADSs to their broker or other securities intermediary in DTC should contact their broker or other securities intermediary to request that it, or the DTC participant through which it clears, inputs valid instructions to receive delivery of the New Takeda ADSs free of payment from the Takeda Depositary's DTC participant account (account number 2504).
- (10) New Takeda ADSs will be delivered to the Shire Depositary from January 10, 2019 (and in any event not later than 14 calendar days after the Effective Date).

The date on which New Takeda ADSs will be delivered to Shire ADS Holders will depend on the way in which such Shire ADS Holders held their Shire ADSs. It is expected that Shire ADS Holders holding through participants in DTC will receive delivery shortly after the receipt by the Shire Depositary of the New Takeda ADSs and that registered Shire ADS Holders holding uncertificated Shire ADSs (that is, Shire ADSs held outside of DTC for which no certificates have been issued) will be issued New Takeda ADSs in uncertificated form beginning approximately one week thereafter (and will receive a statement by post reflecting the issuance of New Takeda ADSs in their name). Registered Shire ADS Holders holding certificates for their Shire ADSs will only receive delivery of their New Takeda ADSs after they return their signed letter of transmittal and Shire ADS certificate to the Shire Depositary.
- (11) The listing of, and commencement of regular-way dealings in, New Takeda ADSs on January 11, 2019 is subject to DTC having completed its allocation of New Takeda ADSs to former Shire ADS Holders and the Shire Depositary having made the relevant notification to the New York Stock Exchange in time for the New York Stock Exchange to make the relevant announcement prior to close of business (New York time) on January 10, 2019.
- (12) Shire Shareholders who hold Shire Shares in uncertificated form and receive the cash portion of the Consideration in US Dollars must ensure that an active US Dollar Cash Memorandum Account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar Cash Memorandum Account, the payment of the cash portion of the Consideration will not settle, resulting in a delay and the settlement of the cash portion of the Consideration outside of CREST.
- (13) In the case of Shire ADS Holders who hold Shire ADSs in certificated form, subject to presentation by such holders of their signed letters of transmittal and Shire ADS certificates to the Shire Depositary.
- (14) The latest date by which the Scheme may become Effective may be extended by agreement in writing between Shire and Takeda with the prior consent of the Panel and (if required) the approval of the Court.

ACTION TO BE TAKEN:

DOCUMENTS AVAILABLE TO SHIRE SHAREHOLDERS

All Shire Shareholders (other than Restricted Shire Shareholders)

Please check that you have received the following hard copy Forms of Proxy with this document:

- a BLUE Form of Proxy for use in respect of the Court Meeting on December 5, 2018; and
- a YELLOW Form of Proxy for use in respect of the Shire General Meeting on December 5, 2018.

Shire Shareholders (other than Restricted Shire Shareholders) who hold Shire Shares in certificated form

Please check that you have received (in addition to the Forms of Proxy listed above):

- a hard copy WHITE Certificated Form of Election (and its accompanying notes on how to complete the Certificated Form of Election) for use in connection with the making of a Currency Election and a Securities Election;
- an envelope, for use in the United Kingdom only, for returning the WHITE Certificated Form of Election; and
- if you are considered likely to be eligible to make an election for the Dealing Facility, a hard copy of the Dealing Facility Terms and Conditions.

Shire Shareholders (other than Restricted Shire Shareholders) who hold Shire Shares in uncertificated form (that is, in CREST)

Please check that you have received (in addition to the Forms of Proxy listed above):

- a hard copy GREEN CREST Form of Election (and its accompanying notes on how to complete the CREST Form of Election) for use in connection with the making of a JASDEC Election, Corporate Nominee Election or ADS Election (other than an ADS Election to receive CDIs representing New Takeda ADSs or a Currency Election, which should be made by TTE Instruction – see paragraph 2.1(c) of Part IX (Notes for making Elections) of this document); and
- an envelope, for use in the United Kingdom only, for returning the GREEN CREST Form of Election.

Shire ADS Holders

Please check that you have received a copy of the following:

- an ADS Voting Card in respect of Shire ADSs; and
- the Notice of Court Meeting and Extraordinary General Meeting document issued by the Shire Depositary.

If you have not received all applicable documents, please contact the relevant helpline on the number indicated below or your financial intermediary.

Helplines

The helpline for Shire Shareholders is available between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0330 123 5506 if calling from within the UK or +44 (0)121 415 0856 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. Please note that calls may be recorded or monitored.

The helpline for Shire ADS Holders is provided by the Shire Depositary and is available between 8.30 a.m. and 6.00 p.m. (New York time) Monday to Friday (except public holidays in the US) on +1 866 395 6421 from within the US or +1 781 575 4555 if calling from outside the US. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the US will be charged at the applicable international rate.

Neither the Shire Shareholder Helpline nor the Shire ADS Holder Helpline can provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

ACTION TO BE TAKEN:

VOTING AT THE SHIRE MEETINGS

This section should be read in conjunction with the rest of this document, the accompanying Forms of Proxy and Form of Election (including the accompanying notes on how to complete the relevant Form of Election) and any document incorporated by reference.

The Shire Board considers the Acquisition to be in the best interests of the Shire Shareholders taken as a whole. For the reasons set out in this document, the Shire Board unanimously recommends that you vote in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Acquisition to be proposed at the Shire General Meeting, as the Shire Directors who hold Shire Shares and/or Shire ADSs (as applicable) have irrevocably undertaken to do in respect of their own beneficial holdings of Shire Shares (including such Shire Shares underlying Shire ADSs). The Shire Board therefore unanimously recommends that you take the action described below.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SHIRE SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY (OR APPOINT A PROXY ONLINE OR THROUGH THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE) OR ADS VOTING CARD AS SOON AS POSSIBLE.

The Scheme will require approval at a meeting of Shire Shareholders entitled to vote which is being convened with the permission of the Court and is to be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland at 11.15 a.m. (London time) on December 5, 2018. Implementation of the Scheme will also require approval by Shire Shareholders of the Special Resolution relating to the Acquisition to be proposed at the Shire General Meeting. The Shire General Meeting will be held at the same place as the Court Meeting on December 5, 2018 at 11.30 a.m. (London time) (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

Proxy appointment

Shire Shareholders entitled to attend and vote at the Shire Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or Shire General Meeting. A proxy need not be a Shire Shareholder. The completion and return of a Form of Proxy or the appointment of a proxy or proxies through CREST or www.sharevote.co.uk shall not prevent a Shire Shareholder from attending and voting in person at either Shire Meeting or any adjournment thereof, if a Shire Shareholder so wishes and is so entitled. In the event of a poll on which a Shire Shareholder votes in person, their proxy votes previously lodged with Equiniti, Shire or www.sharevote.co.uk will be excluded.

Please note that the appointment of a proxy or proxies is separate for each of the Court Meeting and the Shire General Meeting.

A person who has been nominated under article 59 of the Shire Articles to enjoy information rights (a "**Nominated Person**") may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy for each of the Court Meeting and the Shire General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. The statement of the rights of members to appoint proxies above does not apply to a Nominated Person. The rights described above can only be exercised by Shire Shareholders. Nominated Persons are reminded that they should contact the registered shareholder (and not Shire) on matters relating to the Shire Shares.

(a) ***Sending Forms of Proxy by post or by hand***

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them (together, if appropriate, with the power of attorney or other written authority under which the Form of Proxy is signed or a certified copy of such power or authority), either: (i) by post; or (ii) during normal business hours only, by hand, to Equiniti (Jersey) Limited, c/o Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting 11.15 a.m. (London time) on
December 3, 2018

YELLOW Forms of Proxy for the Shire General Meeting 11.30 a.m. (London time) on
December 3, 2018

or, if in either case the relevant Shire Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours before the time appointed for the adjourned Shire Meeting.

If the BLUE Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the Shire General Meeting, the YELLOW Form of Proxy must be received by Equiniti by the time mentioned above, or it will be invalid. Such invalidity will not, however, prevent a Shire Shareholder from attending the Shire General Meeting and speaking and voting at the Shire General Meeting in person if they are entitled and wish to do so.

Shire Shareholders are entitled to appoint a proxy in respect of some or all of their Shire Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Shire Shareholders who wish to appoint more than one proxy in respect of their holding of Shire Shares should contact Equiniti for further Forms of Proxy or photocopy the Forms of Proxy as required.

(b) ***Online appointment of proxies***

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 11.15 a.m. (London time) on December 3, 2018 for the Court Meeting and 11.30 a.m. (London time) on December 3, 2018 for the Shire General Meeting (or, in the case of adjournment(s), not later than 48 hours before the time appointed for the adjourned Shire Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the BLUE Form of Proxy and hand it to a representative of Equiniti, or the Chairman of the Court Meeting, before the start of the Court Meeting.

(c) ***Electronic appointment of proxies through CREST***

If you hold Shire Shares in uncertificated form – that is, in CREST – and wish to appoint a proxy or proxies for the Shire Meetings (or any adjourned Shire Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Shire Meetings set out in Part XII (Notice of Court Meeting) and Part XIII (Notice of Shire General Meeting) of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Equiniti (ID 7RA01) not later than 48 hours before the time appointed for the Court Meeting or Shire General Meeting (or adjourned Shire Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host (as defined in the CREST Manual)) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Shire may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

Voting on the Acquisition if you are a Shire ADS Holder

A Shire ADS Holder can vote, or direct the voting of, the Shire Shares represented by its Shire ADSs in a number of ways as further described in Part X (Further information for Shire ADS Holders) of this document.

(a) *Voting via the Shire Depositary*

Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 should, if they wish to direct the voting of the Shire Shares represented by their Shire ADSs that are held by the Shire Depositary (or its nominee), sign, complete and return the ADS Voting Card in accordance with the instructions printed thereon and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depositary in order to instruct the Shire Depositary how to vote the Shire Shares represented by their Shire ADSs on their behalf at the Court Meeting and the Shire General Meeting. The ADS Voting Card should be returned by mail to Shire plc, c/o Citibank Shareholder Services, PO Box 43099, Providence RI 02940-5000, USA, as soon as possible and, in any event, so as to be received no later than 10.00 a.m. (New York time) on November 29, 2018 or if either the Court Meeting or the Shire General Meeting is adjourned, such later date as may be notified by the Shire Depositary, having consulted with Shire. Alternatively, Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 may instruct the Shire Depositary with voting instructions by internet or telephone, as set out in the instructions printed on the ADS Voting Card and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depositary.

Shire ADS Holders who hold their Shire ADSs indirectly must follow the instructions from their custodian, broker or other agent through which they hold their Shire ADSs if they wish to give voting instructions to the Shire Depositary. Providing voting instructions via a custodian, broker

or other agent may require the provision of information by a particular deadline, well in advance of the deadline to give the Shire Depository voting instructions, and therefore you are encouraged to reach out to such custodian, broker or other agent for any such deadline as quickly as possible.

Following timely receipt of a signed and completed ADS Voting Card (or instructions by internet or telephone) from a Shire ADS Holder, the Shire Depository shall endeavour, insofar as practicable and permitted under the provisions of, or governing, the Shire Shares represented by Shire ADSs, to vote or cause its nominee to vote (by means of the appointment of a proxy or otherwise) such Shire Shares represented by the Shire ADSs in respect of which instructions have been received in accordance with those instructions.

The Shire Deposit Agreement provides that the Shire Depository will not exercise any voting discretion in respect of the Shire Shares represented by Shire ADSs. If the Shire Depository does not receive an ADS Voting Card (or instructions by internet or telephone) from a Shire ADS Holder before 10.00 a.m. (New York time) on November 29, 2018 in respect of their entire holding of Shire ADSs, then:

- (i) in respect of the Shire General Meeting only, subject to the terms of the Shire Deposit Agreement, such Shire ADS Holder shall be deemed to have instructed the Shire Depository to give a person designated by Shire a discretionary proxy to vote the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions. Any such Shire ADS Holder may be required, in accordance with DTR 5 of the Disclosure Guidance and Transparency Rules, to notify Shire of their relevant holding of Shire ADSs if the percentage of their voting rights falls below a notifiable threshold as a result of a person designated by Shire having been so appointed. In the event that a person designated by Shire is given such a discretionary proxy, it is the intention of the Shire Board to direct such person to exercise such votes in line with the voting recommendation of the Shire Board for each of the resolutions to be proposed at the Shire General Meeting; and
- (ii) in respect of the Court Meeting, such Shire ADS Holder shall not be deemed to have instructed the Shire Depository to give a person designated by Shire a discretionary proxy to vote the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions. Accordingly, the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions will not be represented at the Court Meeting and will not be voted at the Court Meeting.

(b) ***Cancellation of Shire ADSs so as to become a Shire Shareholder***

Shire ADS Holders who wish to attend the Court Meeting and/or the Shire General Meeting must take steps to present their Shire ADSs (and, to the extent that such Shire ADSs are certificated, the certificates evidencing such Shire ADSs) to the Shire Depository for cancellation before 5.00 p.m. (New York time) on November 23, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depository's fees), together with: (i) delivery instructions for the Shire Shares represented by such Shire ADSs (including, if applicable, the name and address of the person who will be the registered holder of such Shire Shares); and (ii) if the cancellation is to take place before the Shire Meetings, a certification that the Shire ADS Holder: (x) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has not given, and will not give, voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings (or has cancelled all voting instructions previously given); (y) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has given voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings, but undertakes not to vote the Shire Shares represented by such Shire ADSs at the Shire Meetings; or (z) did not beneficially own the relevant Shire ADSs as at the ADS Voting Record Time, but undertakes not to vote the Shire

Shares represented by such Shire ADSs at the Shire Meetings. Shire ADS Holders who hold their Shire ADSs in a brokerage, bank, custodian or other nominee account should promptly contact their broker, bank or other nominee to find out what actions are required to instruct the broker, bank or other nominee to cancel the Shire ADSs on their behalf. Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depository's fees associated with such cancellation.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018. Shire ADS Holders who take steps (as described in the paragraphs above) to cancel their Shire ADSs before 5.00 p.m. (New York time) on November 23, 2018 and become Shire Shareholders before the Voting Record Time will also have the right to attend the Court Sanction Hearing in person and be represented by counsel to support or oppose the sanctioning of the Scheme.

Further details are set out in Part X (Further information for Shire ADS Holders) of this document.

ACTION TO BE TAKEN:

MAKING AN ELECTION IN RESPECT OF THE CONSIDERATION

This section should be read in conjunction with the rest of this document, the accompanying Forms of Proxy and Form of Election (including the accompanying notes on how to complete the relevant Form of Election) and any document incorporated by reference.

FLOWCHARTS HAVE BEEN INCLUDED ON PAGES 16 TO 18 IN ORDER TO ASSIST YOU IN MAKING AN ELECTION IN RESPECT OF THE CONSIDERATION.

Background

Under the terms of the Acquisition, the holders of Shire Shares whose names appear on the register of members of Shire at the Scheme Record Time will be entitled to receive for each Shire Share: (i) \$30.33 in cash; and (ii) either 0.839 New Takeda Shares or 1.678 New Takeda ADSs in accordance with the terms of the Scheme.

The New Takeda Shares will be listed and traded on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. All shares of Japanese listed companies, including those of Takeda, are dematerialised and are held in uncertificated form through an entry in the record maintained by Japan Securities Depository Center, Inc. (“**JASDEC**”). In order to hold and trade listed Japanese shares, investors must have an account with either JASDEC or an account management institution (“**AMI**”) that has been admitted to JASDEC pursuant to Japanese law. Further details are set out in paragraph 19.1 of Part II (Explanatory Statement) of this document.

New Takeda Shares are not capable of being held in certificated form, or transferred or settled directly through the CREST settlement system. For this reason, Shire Shareholders have a number of options to hold their New Takeda Shares indirectly.

Each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in certificated form at the Scheme Record Time, in respect of each Shire Share which they hold:

- (a) may make a Currency Election in respect of the cash portion of the Consideration payable to them under the Scheme; and
- (b) should make at least one of four possible Securities Elections in respect of the non-cash portion of the Consideration which they are entitled to receive under the Scheme.

Each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time, in respect of each Shire Share which they hold:

- (a) may make a Currency Election in respect of the cash portion of the Consideration payable to them under the Scheme; and
- (b) should make at least one of three possible Securities Elections in respect of the non-cash portion of the Consideration which they are entitled to receive under the Scheme.

In certain cases, Shire Shareholders are permitted to split their holding of Shire Shares such that they may make multiple Securities Elections in relation to their holding. Further details are set out in paragraph 5 of Part IX (Notes for making Elections) of this document.

Elections by Shire Shareholders holding Shire Shares in certificated form

(a) *Currency Election*

Shire Shareholders who hold Shire Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record

Time will be deemed to have elected for the Currency Conversion Facility and will receive the entire cash portion of the Consideration payable to them under the Scheme in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility. Such Shire Shareholders may opt out of the Currency Conversion Facility, which would result in such Shire Shareholders receiving the cash portion of the Consideration in US Dollars, by completing and returning an Opt-out Form (a copy of which may be obtained by contacting the Shareholder Helpline).

Unless they elect otherwise, each Shire Shareholder who holds Shire Shares in certificated form and does not have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time will receive the cash portion of the Consideration which is payable to them under the Scheme in US Dollars. Such Shire Shareholders may elect to have the US Dollar cash portion of the Consideration which is payable to them under the Scheme instead paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility (by completing Part 3 on the WHITE Certificated Form of Election).

Each Shire Shareholder who has set up a standing electronic payment mandate with the Shire Registrar for the purpose of receiving dividend payments from Shire in pounds Sterling will, subject to such Shire Shareholder having made (or being deemed to have made) a valid Currency Election to receive the cash portion of their Consideration in pounds Sterling, receive the cash portion of the Consideration payable to them pursuant to the Scheme by way of an electronic BACs transfer to the account indicated in such mandate. In the absence of a standing electronic payment mandate held by the Shire Registrar for receiving dividend payments from Shire in pounds Sterling, a cheque will be issued and despatched to each relevant Shire Shareholder at their registered address.

(b) ***Securities Election***

Subject to the terms and conditions set out in this document, each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in certificated form at the Scheme Record Time may, in relation to their holding of Shire Shares, make at least one of the following Elections (each a “**Securities Election**”):

- (a) elect to hold the New Takeda Shares which they are entitled to receive pursuant to the Scheme in their own JASDEC Account (by completing Part 4A on the WHITE Certificated Form of Election) (a “**JASDEC Election**”). Please refer to paragraphs 19.1 and 19.3(a) of Part II (Explanatory Statement) of this document for a summary of the background to holding New Takeda Shares through a JASDEC Account and for further information concerning the making of a JASDEC Election;
- (b) in the case of a Shire Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have the New Takeda Shares which they are entitled to receive pursuant to the Scheme held on their behalf through the Corporate Nominee Facility, subject to the Corporate Nominee Facility Terms and Conditions (by completing Part 4B on the WHITE Certificated Form of Election) (a “**Corporate Nominee Election**”). Please refer to paragraph 19.3(b) of Part II (Explanatory Statement) of this document for further information concerning the making of a Corporate Nominee Election and to paragraph 21 Part II (Explanatory Statement) of this document for summary details of the Corporate Nominee Facility;
- (c) elect to receive 1.678 New Takeda ADSs (each New Takeda ADS representing 0.5 New Takeda Shares) for each Shire Share they hold instead of the 0.839 New Takeda Shares

per Shire Share they would otherwise have been entitled to receive pursuant to the Scheme, subject to the terms and conditions applicable to the New Takeda ADSs (by completing Part 4C on the WHITE Certificated Form of Election) (an “**ADS Election**”). Please refer to paragraph 19.3(c) of Part II (Explanatory Statement) of this document for further information concerning the making of an ADS Election and to paragraph 5 of Part V (Takeda Securities) of this document for summary details of the New Takeda ADSs; or

- (d) in the case of a Shire Shareholder who holds 200 or fewer Shire Shares in certificated form as at the Scheme Record Time and has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have all (but not some only) of the New Takeda Shares which they are entitled to receive pursuant to the Scheme sold on their behalf under the Dealing Facility and to have the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with such sale) remitted to them in pounds Sterling (by completing Part 4D on the WHITE Certificated Form of Election) (a “**Dealing Facility Election**”). Please refer to paragraph 19.3(d) of Part II (Explanatory Statement) of this document for further information concerning the making of a Dealing Facility Election.

Each Shire Shareholder who does not make a valid Securities Election in respect of all of their Shire Shares will receive 0.839 New Takeda Shares for each Shire Share they hold at the Scheme Record Time in respect of which no such Securities Election has been made.

Such New Takeda Shares will be held in the name of the Representative as bare trustee for such Shire Shareholder until the earlier of: (i) the delivery of a valid Securities Election by such Shire Shareholder to Equiniti in relation to the action which should be taken in respect of the New Takeda Shares (in which case the Representative will procure that such action is taken as is required in order to give effect to such Securities Election); and (ii) the date which falls three months from the Effective Date (in which case the Representative will procure that such New Takeda Shares are sold in the market in accordance with the Sales Policy and that the net proceeds of sale (after the deductions specified in the Sales Policy) are paid to such Shire Shareholder).

Flowcharts explaining the availability of the above Elections are included on pages 16 to 18 and details of how to complete the Certificated Form of Election are included in the notes which accompany the Certificated Form of Election.

Elections by Shire Shareholders holding Shire Shares in uncertificated form (that is, in CREST)

(a) ***Currency Election***

Unless they elect otherwise, each Shire Shareholder who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time and does not make a valid Currency Election will receive the cash portion of the Consideration which is payable to them under the Scheme in US Dollars. Such Shire Shareholders may elect to have the US Dollar cash portion of the Consideration which is payable to them under the Scheme instead paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility (by making the relevant TTE Instruction through CREST).

Each Shire Shareholder who holds Shire Shares in uncertificated form at the Scheme Record Time and does not make a valid Currency Election must ensure that an active US Dollar Cash Memorandum Account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar Cash Memorandum Account, the payment of the cash portion of the Consideration will not settle, resulting in a delay and the settlement of the cash portion of the Consideration outside of CREST.

(b) **Securities Election**

Subject to the terms and conditions set out in this document, each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may, in relation to their holding of Shire Shares, make at least one of the following Elections (each a “**Securities Election**”):

- (a) elect to hold the New Takeda Shares which they are entitled to receive pursuant to the Scheme in their own JASDEC Account (by completing Part 4A on the GREEN CREST Form of Election) (a “**JASDEC Election**”). Please refer to paragraphs 19.1 and 19.3(a) of Part II (Explanatory Statement) of this document for a summary of the background to holding New Takeda Shares through a JASDEC Account and for further information concerning the making of a JASDEC Election;
- (b) in the case of a Shire Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have the New Takeda Shares which they are entitled to receive pursuant to the Scheme held on their behalf through the Corporate Nominee Facility, subject to the Corporate Nominee Facility Terms and Conditions (by completing Part 4B on the GREEN CREST Form of Election) (a “**Corporate Nominee Election**”). Please refer to paragraph 19.3(b) of Part II (Explanatory Statement) of this document for further information concerning the making of a Corporate Nominee Election and to paragraph 21 Part II (Explanatory Statement) of this document for summary details of the Corporate Nominee Facility; or
- (c) elect to receive 1.678 New Takeda ADSs (each New Takeda ADS representing 0.5 New Takeda Shares) for each Shire Share they hold instead of the 0.839 New Takeda Shares per Shire Share which they would otherwise have been entitled to receive pursuant to the Scheme, subject to the terms and conditions applicable to the New Takeda ADSs (an “**ADS Election**”). Shire Shareholders may make an ADS Election: (i) by completing Part 4C on the GREEN CREST Form of Election, so as to receive New Takeda ADSs through DTC or through the direct registration system; or (ii) by making the relevant TTE Instruction through CREST, so as to receive CDIs representing New Takeda ADSs (in respect of which please see paragraphs 2.1(b) and 2.1(c) of Part IX (Notes for making Elections) of this document). Please refer to paragraph 19.3(c) of Part II (Explanatory Statement) of this document for further information concerning the making of an ADS Election and to paragraphs 5 and 6 of Part V (Takeda Securities) of this document for summary details of the New Takeda ADSs and CDIs representing New Takeda ADSs.

Shire Shareholders who hold their Shire Shares in uncertificated form are not eligible to make an Election for the Dealing Facility.

The CDIs representing New Takeda ADSs will not carry any voting rights in Takeda (unless and to the extent such CDIs are cancelled such that the Takeda ADSs are held through DTC by settling a cross-border delivery transaction in respect of the underlying New Takeda ADSs through CREST to a DTC participant).

Furthermore, the holders of CDIs representing New Takeda ADSs may not be able to claim either: (i) a reduction, pursuant to a double taxation convention, of the rate of 15.315 per cent. at which it is expected that tax will be withheld under Japanese law from dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda in respect of New Takeda Shares underlying New Takeda ADSs represented by CDIs; or (ii) a refund of such tax withheld in excess of the rate provided for in a double taxation convention. If holders of CDIs representing New Takeda ADSs intend to claim the benefit of any applicable double taxation convention, they may wish to cancel their CDIs as soon as practicable after the Effective Date so as to receive the underlying New Takeda ADSs. Your attention is drawn to paragraph 3.2(a) of Part VII (Taxation) of this document, which contains certain general comments on the Japanese tax treatment of dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda.

Each Shire Shareholder who does not make a valid Securities Election in respect of all of their Shire Shares will receive 0.839 New Takeda Shares for each Shire Share they hold at the Scheme Record Time in respect of which no such Securities Election has been made. Such New Takeda Shares will be held in the name of the Representative as bare trustee for such Shire Shareholder until the earlier of: (i) the delivery of a valid Securities Election by such Shire Shareholder to Equiniti in relation to the action which should be taken in respect of the New Takeda Shares (in which case the Representative will procure that such action is taken as is required in order to give effect to such Securities Election); and (ii) the date which falls three months from the Effective Date (in which case the Representative will procure that such New Takeda Shares are sold in the market in accordance with the Sales Policy and that the net proceeds of sale (after the deductions specified in the Sales Policy) are paid to such Shire Shareholder).

Flowcharts explaining the availability of the above Elections are included on pages 16 to 18 and details of how to complete the CREST Form of Election are included in the notes which accompany the CREST Form of Election.

Deadline for submission

The last time for Equiniti to receive your Form of Election will be 6.00 p.m. (London time) on January 2, 2019. You should allow sufficient time for posting for your Form of Election to be received on time.

The last time for receipt of a TTE Instruction through CREST (applicable only for Shire Shareholders who hold their Shire Shares in uncertificated form and who wish to make an election: (i) under the Currency Conversion Facility; and/or (ii) to receive CDs representing New Takeda ADSs), will be 6.00 p.m. (London time) on January 4, 2019.

Any changes to the Election Return Time (the last time for Equiniti to receive your Form of Election or for a TTE Instruction to be received) will be announced by Shire through a Regulatory Information Service, with such announcement being made available on Shire's and Takeda's websites at www.shire.com and www.takeda.com, respectively, and communicated to Shire Shareholders at around the same date as such announcement.

Further details about how to submit your Form of Election or make your TTE Instruction are set out in Part IX (Notes for making Elections) of this document.

Shire ADS Holders

The Shire Depositary will make an ADS Election in respect of its entire holding of Shire Shares underlying the Shire ADSs as at the Scheme Record Time. **Consequently, as each Shire ADS represents three Shire Shares, Shire ADS Holders will receive \$90.99 in cash and 5.034 New Takeda ADSs (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depositary after the Scheme Effective Time) for every Shire ADS which they hold at the ADS Effective Date, subject to any deductions in respect of US backup withholding (see paragraph 5 of Part X (Further information for Shire ADS Holders)).**

Shire ADS Holders are not entitled to make Elections in respect of their Shire ADSs. If a Shire ADS Holder does not wish to receive the Consideration in US Dollars and New Takeda ADSs, and instead wishes to make an Election, Shire ADS Holders must take delivery of Shire Shares directly. In order to do so, Shire ADS Holders must take steps to present their Shire ADSs to the Shire Depositary for cancellation before 5.00 p.m. (New York time) on December 26, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depositary's fees for Shire ADSs that are presented for cancellation prior to 5.00 p.m. on November 23, 2018) and take delivery of Shire Shares so as to become Shire Shareholders before the Scheme Record Time.

Shire ADS Holders should note that the last time for Equiniti to receive Forms of Election from Shire Shareholders is 6.00 p.m. (London time) on January 2, 2019 and the last time for receipt of TTE Instructions is 6.00 p.m. (London time) on January 4, 2019. Accordingly, Shire ADS Holders who wish to present their Shire ADSs to the Shire Depository for cancellation are advised to do so well in advance of 5.00 p.m. (New York time) on December 26, 2018 in order to allow themselves sufficient time to submit a valid Election in respect of their Shire Shares.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018. Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depository's fees associated with such cancellation. However, Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation between 8:00 a.m. (New York time) on December 4, 2018 and 5.00 p.m. (New York time) on December 26, 2018 in order to take delivery of Shire Shares will not be responsible for the payment of the Shire Depository's fees associated with such cancellation.

Further details are set out in Part X (Further information for Shire ADS Holders) of this document.

Overseas Shareholders

Further details about the availability of the Scheme and the Acquisition to Overseas Shareholders are set out in paragraph 27 of Part II (Explanatory Statement) of this document.

If you are a Restricted Shire Shareholder, you will not be sent a WHITE Certificated Form of Election or a GREEN CREST Form of Election and will not be entitled to make any Elections under such forms or by TTE Instruction.

Further information

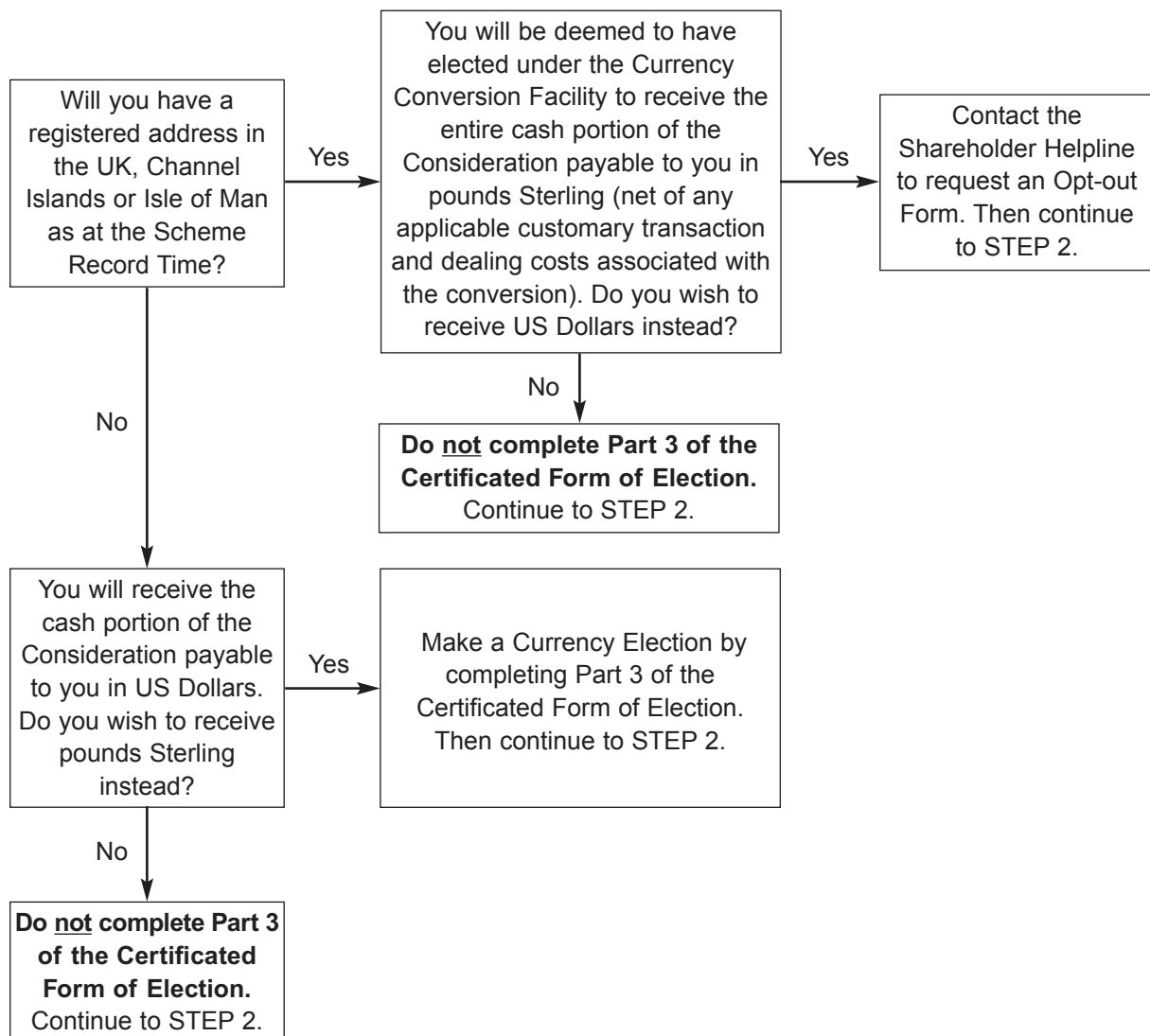
Shire Shareholders are advised to review this document in full before making any Election.

Further details of the Currency Conversion Facility, the Corporate Nominee Facility, the ADS Election Facility and the Dealing Facility (including the terms and conditions governing each such facility) are set out in paragraphs 19.3, 20.3 and 21 of Part II (Explanatory Statement).

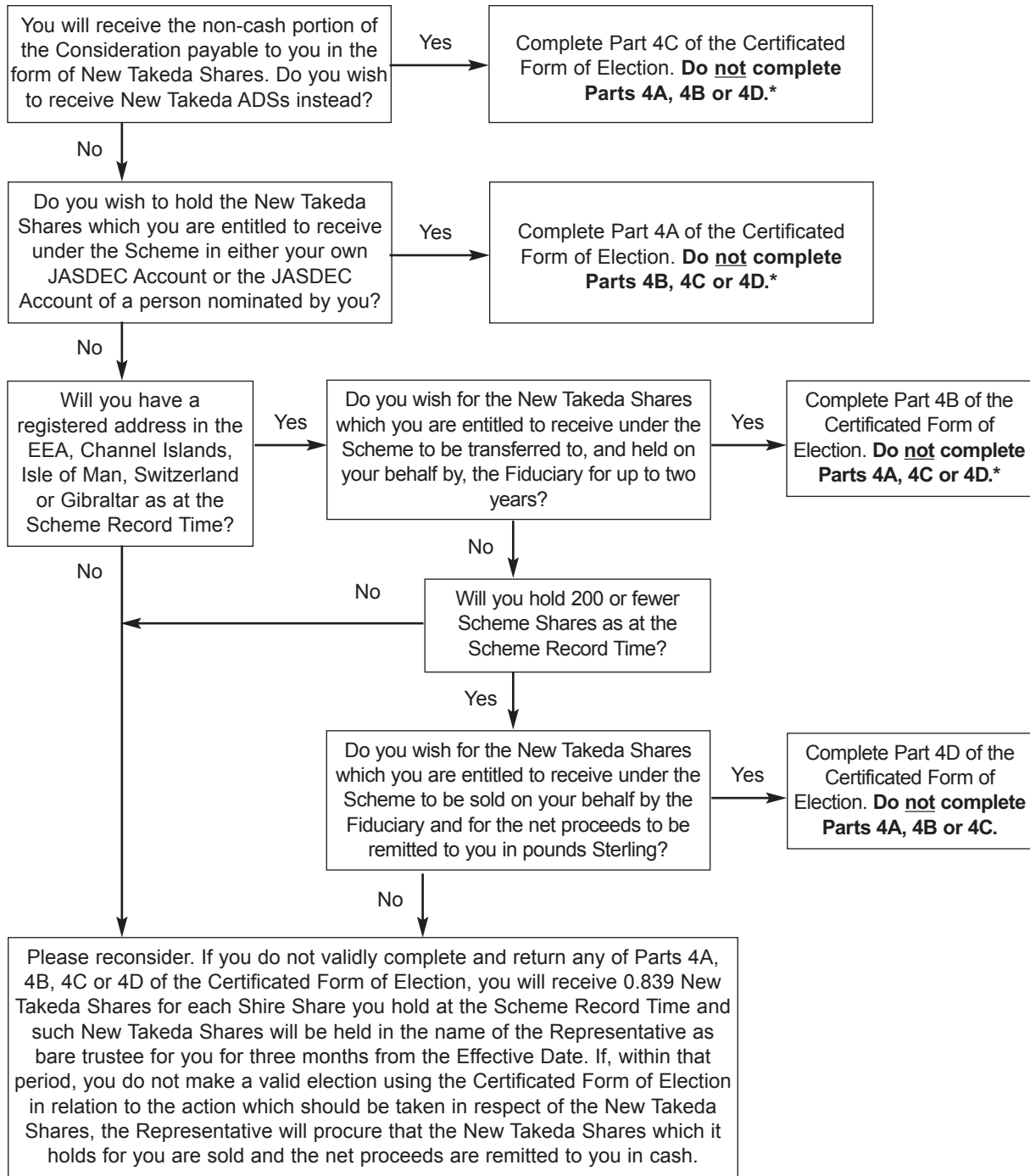
Further details on how to make an Election are included at Part IX (Notes for making Elections) of this document. Flowcharts have also been included on pages 16 to 18 in order to assist you in making an Election in respect of the Consideration.

USE THIS FLOWCHART IF YOU HOLD SHIRE SHARES IN CERTIFICATED FORM

STEP 1 – Currency Election



STEP 2 – Securities Election

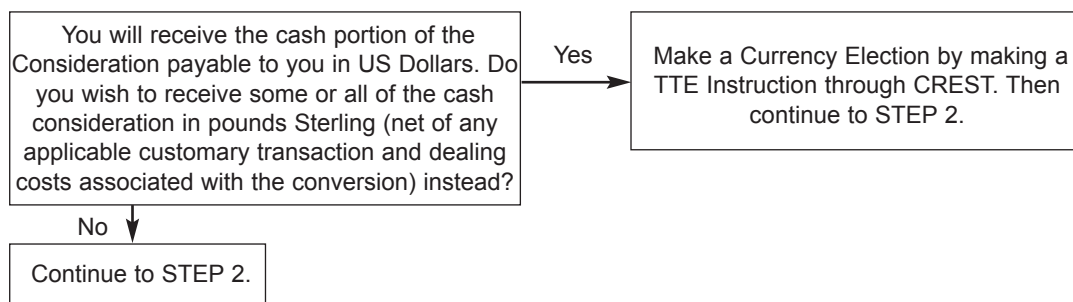


* Unless you wish to split your holding and make multiple Securities Elections in relation to your holding of Shire Shares, in which case, please see paragraph 5 of Part IX (Notes for making Elections) of this document.

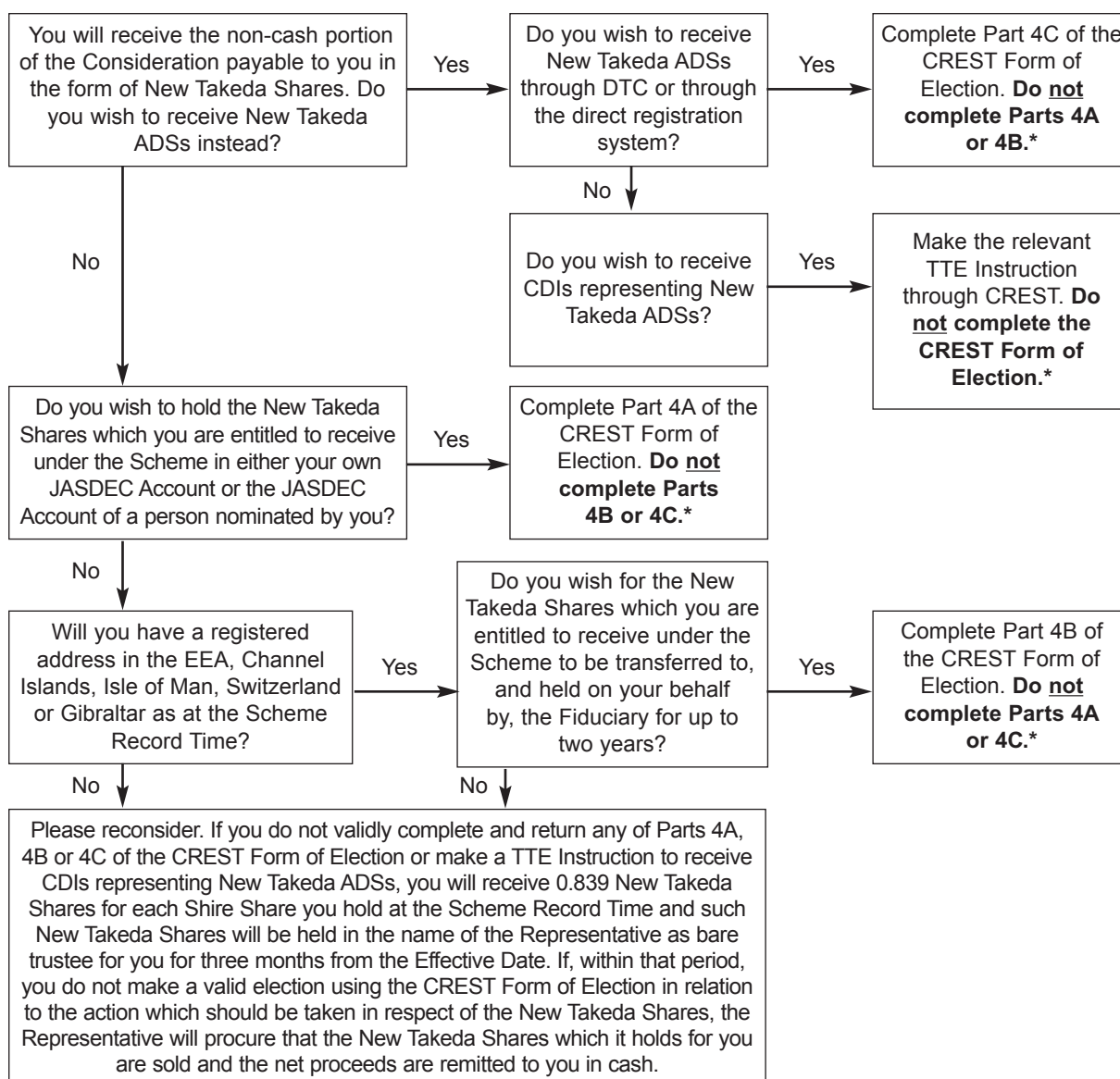
Remember to complete, sign and return the Certificated Form of Election (together with any applicable Customer Identification Documents specified in the notes to the form (if required)) to Equiniti in accordance with the instructions printed thereon.

USE THIS FLOWCHART IF YOU HOLD SHIRE SHARES IN UNCERTIFICATED FORM

STEP 1 – Currency Election



STEP 2 – Securities Election



* Unless you wish to split your holding and make multiple Securities Elections in relation to your holding of Shire Shares, in which case, please see paragraph 5 of Part IX (Notes for making Elections) of this document.

Remember to complete, sign and return the CREST Form of Election (together with any applicable Customer Identification Documents specified in the notes to the form (if required)) to Equiniti in accordance with the instructions printed thereon.

PART I

LETTER FROM THE CHAIRMAN OF SHIRE PLC



(Incorporated in Jersey with registered number 99854)

Registered Office
22 Grenville Street
St Helier
Jersey JE4 8PX

Directors:

Susan Kilsby *(Non-Executive Director, Chairman)*
Flemming Ornskov, MD, MPH *(Chief Executive Officer and Executive Director)*
Thomas Dittrich *(Chief Financial Officer and Executive Director)*
Olivier Bohuon *(Senior Non-Executive Independent Director)*
Ian Clark *(Non-Executive Director)*
Gail Fosler *(Non-Executive Director)*
Steven Gillis, PhD *(Non-Executive Director)*
David Ginsburg, MD *(Non-Executive Director)*
Sara Mathew *(Non-Executive Director)*
Albert Stroucken *(Non-Executive Director)*

November 12, 2018

To all Shire Shareholders and Shire ADS Holders and, for information only, to participants in the Shire Share Plans and persons with information rights

Dear Shire Shareholder and/or Shire ADS Holder,

**RECOMMENDED CASH AND SHARE OFFER
FOR SHIRE PLC (“SHIRE”) BY TAKEDA PHARMACEUTICAL COMPANY LIMITED
 (“TAKEDA”) TO BE EFFECTED BY WAY OF A SCHEME OF ARRANGEMENT**

1. Introduction

On May 8, 2018, the Shire Board and the Takeda Board announced that they had reached agreement on the terms of a recommended cash and share offer by Takeda for the entire issued and to be issued ordinary share capital of Shire.

The Acquisition is to be implemented by way of a Court-sanctioned scheme of arrangement of Shire under Article 125 of the Jersey Companies Law. The Acquisition is subject to a number of Conditions which are set out at Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document. These include certain approvals by Shire Shareholders and Takeda Shareholders, and the sanction of the Scheme by the Court.

I am writing to you on behalf of the Shire Board to explain the background to and reasons for recommending the Acquisition, to encourage you to vote at the Shire Meetings to be held on December 5, 2018 to consider the Acquisition, and to explain why the Shire Board is unanimously recommending that Shire Shareholders and Shire ADS Holders vote (or procure votes) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting.

I also wish to draw to your attention that the Takeda Board is unanimously recommending that Takeda Shareholders vote in favour of the resolutions to be proposed at the Takeda Extraordinary General Meeting in connection with the Acquisition.

2. Summary of the terms of the Acquisition

Under the terms of the Acquisition, the holders of Shire Shares (other than the Excluded Shares) whose names appear on the register of members of Shire at the Scheme Record Time will be entitled to receive:

for each Shire Share **\$30.33 in cash**
and either
0.839 New Takeda Shares
or
1.678 New Takeda ADSs

If the Scheme becomes Effective, it will be binding on all holders of Shire Shares (other than the Excluded Shares) at the Scheme Record Time, irrespective of whether or not they attend or vote to approve the Scheme at the Court Meeting and/or the Special Resolution at the Shire General Meeting. As a result, all of the Shire Shares at the Scheme Record Time will be transferred to Takeda (or such other nominee(s) of Takeda as are agreed between Takeda and Shire) and Shire will therefore become a wholly owned subsidiary of Takeda with effect from the Effective Date.

The Consideration implies an equivalent value of:

- (a) £49.01 per Shire Share based on the closing price of ¥4,923 per Takeda Share and the exchange rates of £:¥ of 1:151.51 and £:\$ of 1:1.3945 on April 23, 2018 (being the day before the announcement that the Shire Board would, in principle, be willing to recommend the Consideration); and
- (b) £49.22 per Shire Share based on the closing price of ¥4,647 per Takeda Share and the exchange rates of £:¥ of 1:149.05 and £:\$ of 1:1.3152 on the Latest Practicable Date.

The equivalent value of £49.01 per Shire Share values the entire issued and to be issued ordinary share capital of Shire at approximately £45.6 billion as at the Latest Practicable Date and represents an illustrative premium of approximately:

- (a) 64.4 per cent. to the closing price of £29.81 per Shire Share on March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire);
- (b) 56.2 per cent. to the 30 trading day volume weighted average price of £31.37 per Shire Share for the 30 Shire trading days ending March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire);
- (c) 59.6 per cent. to the closing price of £30.70 per Shire Share on March 27, 2018 (being the last Business Day before the commencement of the Offer Period); and
- (d) 56.7 per cent. to the 30 trading day volume weighted average price of £31.28 per Shire Share for the 30 Shire trading days ending March 27, 2018 (being the last Business Day before the commencement of the Offer Period).

In addition, Shire Shareholders are entitled to receive any dividends announced, declared, made or paid by Shire in the ordinary course before the Effective Date without any consequential reduction in the Consideration, subject to, and on the terms, set out in paragraph 10.1 of Part II (Explanatory Statement).

The Acquisition is subject to the Conditions and certain further terms that are set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this

document. The terms of the Scheme are set out in full in Part III (The Scheme of Arrangement) of this document.

Further details of the Acquisition, including the arrangements for settlement of the Consideration, are set out in Part II (Explanatory Statement) of this document and the expected Acquisition timetable is set out on pages 1 to 3 of this document.

3. Background to, and reasons for, the recommendation

Shire has a long-term track record of delivering growth and returns for Shire Shareholders. Between the financial years ended December 31, 2013 and December 31, 2017, Shire's revenues and non-GAAP EBITDA more than tripled, and non-GAAP diluted earnings per Shire ADS nearly doubled. Since January 1, 2013, Shire has also delivered ordinary share price appreciation of 104 per cent. and a total shareholder return of 110 per cent., compared to appreciation in the FTSE 100 of 28 per cent. and total shareholder return of 57 per cent. in the period up to December 31, 2017.

This financial and shareholder value performance has been driven by Shire's pursuit of a strategy to transform itself into the leader in treating rare diseases through organic growth and a series of significant acquisitions, including ViroPharma Inc. in 2014, NPS Pharmaceuticals Inc. in 2015, Dyax Corp. in 2016 and Baxalta Inc. in 2016. This transformation, in particular the acquisition of Baxalta, has resulted in Shire's Rare Disease business accounting for approximately 70 per cent. of the Shire Group's total sales in the financial year ended December 31, 2017, versus approximately 33 per cent. of total sales in the financial year ended December 31, 2013. Over the same period, Shire has enhanced its product pipeline significantly, almost doubling the number of pipeline projects from 20 to approximately 40.

As part of this transformation process, Shire has continued to assess and optimise the structure of the Shire Group in order to maximise value for Shire Shareholders, including by unlocking embedded value in the business. Most recently, this process led to the sale of Shire's Oncology business to Servier S.A.S. for a total consideration of \$2.4 billion, which allowed Shire to continue to sharpen its focus on rare disease leadership.

As a result, Shire is now focused around attractive, core therapeutic areas (including Immunology, Hematology, Genetic Diseases, Internal Medicine and Neuroscience with growing therapeutic areas in Ophthalmics) and is guided by the clear strategic goal to be the leading global biotechnology company delivering innovative medicines to patients with rare diseases. The Shire Board believes that Shire is well positioned to generate long-term growth and create value for Shire Shareholders, as a leader in rare diseases.

However, the Shire Board recognises that the Acquisition represents an opportunity to create a global, values-based, R&D driven biopharmaceutical leader, and to realise commercial and financial benefits. The Acquisition will bring together Takeda's and Shire's complementary therapeutic positions in internal medicine and neuroscience, with growth pillars in rare diseases, which will create an attractive global geographic footprint.

As part of the Combined Group, Shire's existing businesses will have the opportunity to benefit from enhanced scale and financial resources within its R&D platform, which should enable further innovation to address unmet needs for patients. The Acquisition will combine Shire's strong late-stage pipeline and expertise in R&D with Takeda's early development and research-orientated R&D programme. This will yield a robust, diverse pipeline for the Combined Group.

In assessing the terms of the Acquisition, the Shire Board has taken into account a number of factors, including:

- (a) that based on an equivalent value of £49.22 per Shire Share¹, the terms of the Acquisition represent a premium of approximately 65.1 per cent. to the closing price of £29.81 per Shire

¹ Based on the closing price of ¥4,647 per Takeda Share and the exchange rates of £:¥ of 1:149.05 and £:\$ of 1:1.3152 on the Latest Practicable Date.

Share on March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire) and 7.0 per cent. to the closing price per Shire Share of £45.99 on the Latest Practicable Date;

- (b) that the Consideration comprises a significant cash component of \$30.33 (£23.06)² for each Shire Share;
- (c) that Shire Shareholders have the opportunity to participate in future value creation arising from the financial benefits of the Combined Group, through their aggregate shareholding of approximately 50 per cent. in the Combined Group; and
- (d) an assessment of the value delivered as a result of the Acquisition and the value delivered in standalone and certain other strategic options.

Following careful consideration of the above factors, the Shire Board believes that the terms of the Acquisition substantially recognise Shire's growth potential and longer-term prospects and the Acquisition is in the best interests of Shire Shareholders as a whole.

4. Takeda's intentions and strategic plans for the Combined Group

Your attention is drawn to the statement of Takeda's intentions and strategic plans for Shire and the Combined Group on completion of the Acquisition, as set out in paragraph 6 of Part II (Explanatory Statement) of this document.

The Shire Board welcomes the Takeda Board's statement that Takeda attaches great importance to the skills, experience and market knowledge of the existing employees of Shire and that Takeda intends to approach the employee and management integration process with the aim of retaining and motivating the best talent across the Combined Group.

Takeda has stated that it expects to generate at least \$1.4 billion recurring annual pre-tax synergies as a direct result of the Acquisition by the end of the third fiscal year following completion of the Acquisition.³ In order to achieve these synergies, Takeda has stated that it expects to remove duplication between the two businesses across manufacturing and supply, R&D and sales, marketing and administration functions and that, as a result, it expects a potential reduction in headcount of between six and seven per cent. of the total Combined Group. In addition, Takeda has stated its intention, following completion of the Acquisition, to evaluate the consolidation of certain of Shire's operations in the US, Europe and Asia into Takeda's and to review the functions to be undertaken at Shire's current headquarters in Dublin. While Takeda has stated that formulation of comprehensive plans regarding the impact of the Acquisition on Shire will not take place until post completion and that any headcount reductions will be partly mitigated by further job opportunities, in order to achieve the stated pre-tax synergies the Shire Board believes that it will be necessary for headcount reductions to take place.

Over the past number of years, Shire has grown through a number of acquisitions and has benefited from the combined experience and expertise of the employees at the many companies that have been integrated into the Shire Group. As such, the Shire Board believes that the integration planning should take into account not only the considerable knowledge and expertise that the Shire management and employees have of the Shire business, but also their expertise and experience of successfully integrating businesses. The Shire Board notes Takeda's confirmation that, other than as a result of the anticipated headcount reductions, Takeda has no intention to make any changes to the continuing employment of Shire Group employees or any material changes to their conditions of employment or their balance of skills and functions. The Shire Board also welcomes the confirmation from Takeda that the existing contractual and employment rights, including pension rights, of all Shire Group employees will be fully safeguarded following completion of the Acquisition.

2 Based on the exchange rate of £:\$ of 1:1.3152 on the Latest Practicable Date.

3 This statement includes a quantified financial benefits statement which has been reported on for the purposes of the Takeover Code (see Appendix III (Statement on quantified financial benefits) of this document).

Finally, the Shire Board supports Takeda's statement that it wishes to ensure strong business momentum through retention and to ensure that employees are fairly treated. The Shire Board has communicated to Takeda that it believes that it is critical to the success of the integration process that Shire Group employees who remain with the Combined Group are provided with certainty as to the continuing terms of their employment and, as such, welcomes Takeda's agreement to put in place retention arrangements for key employees who have been identified by Shire in consultation with Takeda.

As detailed steps for the integration of the Shire Group into Takeda will only be developed further following completion of the Acquisition, the Shire Board is unable to express a more detailed opinion on the impact of the Acquisition on Shire's management, employees and offices.

Information relating to the Takeda Group can be found in paragraph 9 of the letter from Citi, Goldman Sachs and Morgan Stanley set out in Part II (Explanatory Statement) and Part VIII (Additional Information) of this document.

5. Current trading and prospects

5.1 Shire's Third Quarter Results 2018

On November 1, 2018, Shire published its third quarter update in respect of the period from July 1, 2018 to September 30, 2018 (the "**Shire Third Quarter Results 2018**") and the information set out in this paragraph 5.1 of this Part II reflects those results.

Revenues

The Shire Group delivered total revenues of \$3,872 million representing growth of 5 per cent.

Product sales increased 6 per cent. to \$3,753 million (Q3 2017: \$3,534 million), driven by Immunology, up 12 per cent., Neuroscience, up 6 per cent., Genetic Diseases, up 6 per cent., Internal Medicine, up 10 per cent., and Ophthalmics, up 21 per cent.

Royalties and other revenues decreased 27 per cent. to \$119 million (Q3 2017: \$164 million), primarily due to certain royalty expirations, the reclassification of ADDERALL XR from royalty revenue to product sales, and other changes as required under the new revenue accounting standard.

Operating results

Operating income increased 35 per cent. to \$956 million (Q3 2017: \$709 million), due to the gain on the sale of Shire's Oncology franchise and lower integration and acquisition costs, partially offset by increased reorganization costs.

Non GAAP operating income decreased 2 per cent. to \$1,475 million (Q3 2017: \$1,498 million), primarily due to lower gross margins as Q3 2017 reflected favourability from the timing of changes in the costs to manufacture certain products.

Non GAAP EBITDA margin was slightly down to 42 per cent. (Q3 2017: 44 per cent.), primarily due to lower gross margins partially offset by ongoing cost discipline and operating expense synergies.

Earnings per share (EPS)

Diluted earnings per Shire ADS decreased 3 per cent. to \$1.75 (Q3 2017: \$1.81), primarily due to increased reorganization costs and income taxes, offset by the gain on the sale of Shire's Oncology franchise.

Non GAAP diluted earnings per Shire ADS decreased 4 per cent. to \$3.64 (Q3 2017: \$3.81) as product sales growth and operating expense discipline were offset by unfavourable foreign exchange, lower gross margins, and unrealized losses on equity investments.

Cash flows

Net cash provided by operating activities decreased 19 per cent. to \$858 million (Q3 2017: \$1,055 million), driven by a \$251 million contingent consideration payment to former shareholders of Dyax Corp. due to the approval of TAKHZYRO.

Non GAAP free cash flow increased 8 per cent. to \$971 million (Q3 2017: \$901 million). Non GAAP free cash flow includes capital expenditures of \$203 million (Q3 2017: \$174 million) and excludes payments relating to milestone and license arrangements of \$316 million (Q3 2017: \$20 million).

Debt

Non GAAP net debt as of September 30, 2018 decreased \$3,915 million since December 31, 2017, to \$15,154 million (December 31, 2017: \$19,069 million). A combination of proceeds from the sale of Shire's Oncology franchise, Non GAAP free cash flow, and existing cash balances were utilized to repay debt during the year. Non GAAP net debt represents aggregate long and short term borrowings of \$14,980 million, and capital leases of \$367 million, partially offset by cash and cash equivalents of \$193 million.

Recent developments

Sale of Oncology franchise

On August 31, 2018, Shire announced it had completed the sale of its Oncology franchise to Servier S.A.S. (Servier) for \$2.4 billion. The franchise included the global rights to ONCASPAR and ex-U.S. and ex-Taiwan rights to ONIVYDE, as well as Oncology pipeline assets.

TAKHZYRO, a first-of-its-kind monoclonal antibody (mAb) preventive treatment for HAE

On August 23, 2018, Shire announced that the U.S. Food and Drug Administration (FDA) had approved TAKHZYRO injection, for prophylaxis to prevent attacks of HAE in patients 12 years of age and older.

On September 20, 2018, Shire announced that Health Canada had authorized TAKHZYRO for routine prevention of attacks of HAE in patients 12 years of age and older.

On October 19, 2018, Shire announced that the CHMP of the European Medicines Agency (EMA) had issued a positive opinion recommending the granting of marketing authorization in the European Union (EU) for lanadelumab for the prevention of HAE attacks

Prucalopride (SHP555) for the treatment of chronic idiopathic constipation (CIC)

On October 18, 2018, Shire announced that the FDA Gastrointestinal Drugs Advisory Committee voted unanimously that the risk-benefit profile of prucalopride supports the approval of this NDA, which has a Prescription Drug User Fee Act (PDUFA) date of December 21, 2018.

Facilities

On October 25, 2018, Shire announced it had filed a second submission to the US Food and Drug Administration for approval to manufacture albumin therapy at its new plasma manufacturing facility near Covington, Georgia.

Outlook

The following update on outlook has been extracted from Shire's Third Quarter Results 2018:

"Our 2018 guidance, presented in the table below, has been updated to adjust for the sale of our Oncology franchise, which closed on August 31, 2018. Similarly, our projected 2020 revenue target has been updated to \$16.5 – \$17.5 billion⁴, reflecting the removal of \$0.5 billion of

⁴ This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

Oncology sales in our original projection. We continue to expect to achieve mid-forties Non GAAP EBITDA margin by 2020⁵, which remains unchanged after considering the impact of the sale of our Oncology franchise.

Our Non GAAP diluted earnings per ADS outlook assumes a weighted average number of 917 million fully diluted ordinary shares outstanding for 2018.

Our U.S. GAAP diluted earnings per ADS outlook reflects anticipated amortization, integration, acquisition, and reorganization costs, as well as the gain on sale of our Oncology franchise and the impact from debt repurchase.

Risks associated with this outlook include the potential uncertainty resulting from the announcement by Takeda Pharmaceutical Company Limited (Takeda) on May 8, 2018 of a recommended offer for Shire under the U.K. Takeover Code.

<u>Full Year 2018</u>	<u>U.S. GAAP Outlook</u>	<u>Non GAAP Outlook⁽¹⁾</u>
Total revenue ⁽²⁾	\$15.3 – \$15.8 billion*	\$15.3 – \$15.8 billion*
Diluted earnings per ADS ⁽³⁾	\$7.17 – \$7.7*	\$14.77 – \$15.37*

Notes:

- (1) For a list of items excluded from Non GAAP Outlook, please refer to Part A of Appendix VI (Non-GAAP Reconciliations).
- (2) Management is providing guidance for total revenue. Total revenue is comprised of total product sales and royalties & other revenues. Pursuant to a change in U.S. GAAP related to accounting for revenue, certain revenue formerly classified as royalties is now recorded as product sales.
- (3) See Part A of Appendix VI (Non GAAP Reconciliations) for a reconciliation between U.S. GAAP diluted earnings per ADS and Non GAAP diluted earnings per ADS."

* This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

Shire Shareholders and Shire ADS Holders are referred to the full text of the Shire's Third Quarter Results 2018, which is incorporated into this document by reference. A copy of Shire's Third Quarter Results 2018 can also be found on Shire's website at www.shire.com.

5.2 Takeda's Second Quarter Results 2018

On October 31, 2018, Takeda published its results for the six months to September 30, 2018 (the "Takeda Q2 Results") and the information set out in this paragraph 5.2 of this Part II reflects those results.

Reported Results for H1 (April – September) FY2018

<u>Billion JPY</u>	<u>FY2017 H1</u>	<u>FY2018 H1</u>	<u>% Growth vs Prior Year</u>	
			<u>Reported</u>	<u>Underlying⁽¹⁾</u>
Revenue	881.4	880.6	-0.1%	+4.2%
Core Earnings ⁽²⁾	187.1	212.0	+13.3%	+31.8%
Operating Profit	234.3	172.0	-26.6%	–
Net Profit ⁽³⁾	172.8	126.7	-26.7%	–
EPS	221 JPY	162 JPY	-26.9%	+32.7%

As reflected in the table above, Takeda reported strong underlying growth⁶, with underlying revenue growth remaining solid at 4.2 per cent., driven by continued strong momentum from Takeda's Growth Drivers (GI, Oncology, Neuroscience and Emerging Markets) as well as Takeda's key growth products (ENTYVIO and NINLARO). Takeda's underlying core earnings also grew by 31.8 per cent.⁷, reflecting revenue growth and a margin step-up of 5.1 percentage points,

5 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

6 As compared with the three months ended July 31, 2018.

7 As compared with the three months ended July 31, 2018.

of which two-thirds was driven by OPEX improvements. Takeda's reported operating profit decreased by 26.6 per cent.⁸, being impacted by two large one-time gains recorded in the fiscal year ended March 31, 2018, being (i) the sale of Wako Pure Chemical Industries, Ltd. for JPY 106.3 billion; and (ii) the sale of additional products to Takeda's joint venture with Teva Pharmaceutical Industries Ltd. Furthermore, Takeda recorded one-time expenses in the six months ended September 30, 2018 related to the Acquisition. Excluding these major one-time items, Takeda's operating profit would have grown by 64.5 per cent.⁹

Takeda also achieved several important pipeline milestones in the six months ended September 30, 2018, with NINLARO post-stem cell transplant multiple myeloma maintenance (TOURMALINE-MM3 study), ALUNBRIG first line ALK+ non small cell lung cancer (ALTA-1L study), ADCETRIS frontline CD30+ peripheral T-cell lymphoma (ECHELON-2 study), and ENTYVIO subcutaneous formulation in ulcerative colitis (VISIBLE 1 study) all meeting their primary endpoints. Since April 2018, seven new molecular entities have also entered the Phase 1 pipeline.

Finally, Takeda confirmed that it is on track with its plan to divest non-core assets, with the sale of real estate and marketable securities generating an additional JPY 44.2 billion of cash, and the sale of non-core businesses Guangdong Techpool Bio-Pharma Co., Ltd. and Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. generating a further JPY 27.2 billion. Takeda's net debt to EBITDA ratio at September 30, 2018 was 1.7x, improved from 1.8x at March 31, 2018 and 2.7x at March 31, 2017.

Outlook

On May 14, 2018, Takeda published its results for the fiscal year ended March 31, 2018 which included a full year forecast for Takeda's consolidated reported results (the "**Original Takeda Profit Forecast**"). As published in the Takeda Q2 Results, the revised full year forecast for Takeda's consolidated reported results for the fiscal year ending March 31, 2019 (the "**Takeda Profit Forecast**") is set out in paragraphs (a) to (c) below.

(a) *Full year reported forecast for the fiscal year ending March 31, 2019*

<i>Billion JPY</i>	<i>Forecast as at October 31, 2018</i>	<i>vs. fiscal year ended March 31, 2018</i>
Revenue	1,750.0 ⁽⁴⁾	-1.2%
Core Earnings ⁽²⁾	330.0 ⁽⁴⁾	+2.3%
Operating Profit	268.9 ⁽⁴⁾	+11.2%
Profit before tax	245.2 ⁽⁴⁾	+12.9%
Net Profit ⁽³⁾	189.5 ⁽⁴⁾	+1.4%
Earnings per Share (JPY)	241.82 ⁽⁴⁾	+1.0%

The forecast in the table above includes the costs incurred in the first half of the fiscal year ending March 31, 2019 related to the Acquisition (profit before tax impact: JPY 19.8 billion, net profit for the year impact: JPY 16.5 billion); however, it does not include any Shire-related costs anticipated to be incurred in the second half of the fiscal year ending March 31, 2019. Furthermore, the forecast does not include any projected earnings from Shire should completion of the Acquisition occur within the fiscal year ending March 31, 2019.

Takeda estimates the Shire-related costs to be incurred in the fiscal year ending March 31, 2019 to be between JPY 40.0 billion and JPY 60.0 billion. This does not include integration costs, debt interest and other financial expenses, as the amount of these expenses will change depending on the timing of the completion of the Acquisition.

8 As compared with the three months ended July 31, 2018

9 As compared with the three months ended July 31, 2018.

(b) *Profit Forecast – excluding Shire-related costs*

A revised financial forecast for the fiscal year ending March 31, 2019 that excludes the costs incurred in the first half of the fiscal year related to the Acquisition is shown below. The Original Takeda Profit Forecast also did not include any Shire-related expenses. As the below forecast does not include any Shire-related expenses, the below shows Takeda's ongoing business momentum on a like-for-like basis.

<u>Billion JPY</u>	<u>Forecast as at October 31, 2018 (excluding Shire-related costs)</u>	<u>vs Original Takeda Profit Forecast</u>
Revenue	1,750.0 ⁽⁴⁾	+0.7%
Core Earnings ⁽²⁾	330.0 ⁽⁴⁾	+6.6%
Operating Profit	280.0 ⁽⁴⁾	+39.3%
Profit before tax	265.0 ⁽⁴⁾	+44.8%
Net Profit ⁽³⁾	206.0 ⁽⁴⁾	+48.2%
EPS (JPY)	262.85 ⁽⁴⁾	+47.7%

In the Takeda Profit Forecast that excludes Shire-related costs, the revenue projection has been increased by JPY 13.0 billion (+0.7 per cent.) to JPY 1,750.0 billion.¹⁰ The positive revenue impact from a revised outlook on launch timing of additional competitors to multiple myeloma product VELCADE in the U.S. combined with growth driver momentum is expected to offset factors including no longer booking revenue from divested former subsidiary Guangdong Techpool Bio-Pharma Co. Ltd. and negative foreign currency effect.

Considering the strong business performance in the first half of the fiscal year, Takeda has raised its core earnings forecast by JPY 20.5 billion (+6.6 per cent.) to JPY 330.0 billion.¹¹ The operating profit forecast has also been increased by JPY 79.0 billion (+39.3 per cent.) to JPY 280.0 billion.¹² Although Takeda expects R&D expenses to increase, its operating profit margin is expected to improve through Takeda's global cost reduction initiatives and growth driver momentum.

Net profit for the year (attributable to owners of Takeda) and earnings per share forecasts have been increased by 48.2 per cent. and 47.7 per cent., respectively.¹³

(c) *Management guidance – underlying growth⁽¹⁾*

	<u>Previous Guidance (growth %) (May 14, 2018)</u>	<u>Revised Guidance (growth %) (October 31, 2018)</u>
Underlying Revenue	Low single digit	Low single digit ⁽⁴⁾
Underlying Core Earnings ⁽²⁾	High single digit	High teen ⁽⁴⁾
Underlying Core EPS	Low teens	Mid twenties ⁽⁴⁾
Annual Dividend per Share	JPY 180	JPY 180

Considering the strong business performance in the first half of the fiscal year ending March 31, 2019, Takeda has upwardly revised its guidance for underlying core earnings and underlying core earnings per share. The underlying core earnings margin is now expected to expand versus the prior year at the higher end of the 100 to 200 basis points range.¹⁴

10 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

11 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

12 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

13 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

14 This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

Notes:

- (1) Underlying Growth compares two periods (quarters or years) of financial results under a common basis and is used by management to assess the business. These financial results are calculated on a constant currency basis and excluding the impacts of divestitures and other amounts that are unusual, non-recurring items or unrelated to our ongoing operations.
- (2) Core Earnings represents net profit adjusted to exclude income tax expenses, our share of profit or loss of investments accounted for using the equity method, finance expenses and income, other operating expenses and income, amortization and impairment losses on intangible assets associated with products and other items that management believes are unrelated to our core operations, such as purchase accounting effects and transaction related costs.
- (3) Attributable to the owners of Takeda.
- (4) This statement constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code. Please see paragraph 16 of Part VIII (Additional Information) for further details.

Takeda Shareholders are referred to the full text of the Takeda Q2 Results, which is incorporated into this document by reference. A copy of the Takeda Q2 Results can also be found on Takeda's website at www.takeda.com.

6. Takeda dividend policy and Permitted Dividends

6.1 Takeda dividend policy

Takeda's dividend policy has remained consistent over the past nine years, with an annual dividend of JPY 180 per share having been paid to Takeda Shareholders. The Shire Board notes that, following completion of the Acquisition, Takeda has stated that its well-established dividend policy will continue to be a key component of future shareholder returns.

6.2 Permitted Dividends

As described in more detail in paragraph 10.1 of Part II (Explanatory Statement) of this document, Shire Shareholders will be entitled to receive and retain certain dividends if announced, declared, made or paid by Shire before the Effective Date (referred to in this document as "**Permitted Dividends**") without any consequent reduction in the Consideration payable by Takeda.

7. Regulatory approvals and other Conditions

As at the Latest Practicable Date, relevant clearances have been received from (among others) the competition authorities in the United States, China, Japan and Brazil. Accordingly, all Regulatory Conditions set out in paragraphs 4(d)-(g) in Part A of Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document have been satisfied.

In relation to the Regulatory Condition set out in paragraph 4(c) in Part A of Part IV of this document, Takeda and Shire have held discussions with the European Commission in relation to the future potential overlap in the area of inflammatory bowel disease between Takeda's marketed product Entyvio (vedolizumab) and Shire's pipeline compound SHP647, which is currently in Phase III clinical trials. As a result of those discussions, Takeda has offered commitments to divest SHP647 and certain associated rights, with a view to the European Commission granting a Phase I conditional clearance for the Acquisition and not initiating proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004.

The European Commission will issue its decision in relation to the Acquisition on or before November 20, 2018 and an announcement containing the substance of that decision will be made in due course by Shire and Takeda through a Regulatory Information Service (with such announcement being made available on Shire's and Takeda's websites at www.shire.com and www.takeda.com respectively).

Neither the Takeda Board nor the Shire Board considers SHP647 and the relevant associated rights to be material to the business, operations or prospects of the Combined Group (taken as a whole).

If the European Commission's decision were to result in a delay to the expected timetable of principal events set out on pages 1 to 3 of this document, it is intended that the Effective Date would be as soon

as practicable after January 8, 2019. If it becomes necessary to change any of the dates and/or times in the expected timetable, the revised dates and/or times will be notified to Shire Shareholders and Shire ADS Holders by announcement through a Regulatory Information Service, which Shire will furnish to the SEC on Form 8-K.

Other Conditions

The Acquisition remains subject to the other Conditions and certain further terms as set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document.

Break fee

Under the terms of the Co-operation Agreement (further details of which are set out in paragraph 9.1 of Part VIII (Additional Information) of this document), Takeda has agreed to pay a break fee in the amount(s) described in paragraph 11.4 of Part II (Explanatory Statement) of this document to Shire in certain circumstances, including in the event that (at or before termination of the Co-operation Agreement): (i) on or before the Long Stop Date, Takeda invokes (and is permitted by the Panel to invoke) any Regulatory Condition so as to cause the Acquisition to lapse, to be withdrawn or not to proceed; or (ii) a Regulatory Condition has not been satisfied or waived by Takeda at 11.59 p.m. (London time) on the Long Stop Date resulting in the Acquisition lapsing, terminating or being withdrawn.

8. Takeda shareholder approval

Takeda is seeking the approval of Takeda Shareholders for the Takeda Resolutions (relating to the issue and allotment of the New Takeda Shares and the appointment of three current Shire Directors (Olivier Bohuon, Ian Clark and Steven Gillis) as new Takeda Directors with effect from the Effective Date) at the Takeda Extraordinary General Meeting, which has been convened for 10.00 a.m. (Tokyo time) on December 5, 2018 at INTEX Osaka, Hall 6B Zone, Osaka, Japan.

The Takeda Extraordinary General Meeting will take place before the Shire General Meeting and the Court Meeting.

The Takeda Directors have recommended unanimously that Takeda Shareholders vote in favour of the Takeda Resolutions to be proposed at the Takeda Extraordinary General Meeting to approve the issue and allotment of the New Takeda Shares and the appointment of three current Shire Directors referred to above as new Takeda Directors with effect from the Effective Date.

Under the terms of the Co-operation Agreement (further details of which are set out in paragraph 9.1 of Part VIII (Additional Information) of this document), Takeda has agreed to pay a break fee in the amount(s) described in paragraph 11.4 of Part II (Explanatory Statement) of this document to Shire in certain circumstances, including in the event that the Takeda Board withdraws or adversely modifies, adversely qualifies or fails to provide, or fails to reaffirm (or reissue a statement of intention to make) (when reasonably requested by Shire to do so) its recommendation that the Takeda Shareholders vote in favour of the New Takeda Share Resolution or the New Takeda Share Resolution is not passed at the Takeda Extraordinary General Meeting, and either Takeda or Shire serves notice to terminate the Co-operation Agreement.

9. Elections

Shire Shareholders may make certain Elections in respect of the Consideration they wish to receive under the Scheme. Further information regarding these Elections (including the terms and conditions governing each) is set out in paragraphs 19.3, 20.3 and 21 of Part II (Explanatory Statement) of this document.

Details of how to make such Elections are included at pages 10 to 15 and at Part IX (Notes for making Elections) of this document. Flowcharts have also been included on pages 16 to 18 in order to assist you in making an Election in respect of the Consideration.

Shire ADS Holders are not eligible to make an Election. Further details are included at Part X (Further information for Shire ADS Holders) of this document.

10. Taxation

Your attention is drawn to Part VII (Taxation) of this document, which contains a general description of certain United Kingdom, United States, Japanese, Jersey and Irish tax consequences of the Acquisition. The description is intended as a general guide only and if you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the United Kingdom or the United States, you should consult an appropriately qualified independent professional tax adviser immediately.

11. Cancellation of listing of Shire Shares and Shire ADSs

Your attention is drawn to paragraph 23.2 of Part II (Explanatory Statement) of this document in relation to Takeda's intentions regarding the delisting and cancellation of trading in Shire Shares and Shire ADSs following the Effective Date.

12. Shire Share Plans

Further details of the arrangements proposed to be implemented in relation to the Shire Share Plans in connection with the Acquisition are set out in paragraph 12 of Part II (Explanatory Statement) of this document.

13. Shire ADS Holders

Shire ADS Holders should refer to paragraph 15.9 of Part II (Explanatory Statement) and Part X (Further information for Shire ADS Holders) of this document.

14. Overseas Shareholders

Overseas Shareholders should refer to paragraph 27 of Part II (Explanatory Statement) of this document.

15. Action to be taken

Your attention is drawn to pages 5 to 9 and paragraph 28 of Part II (Explanatory Statement) of this document, which set out in detail the action you should take in relation to the Acquisition in respect of voting at the Shire Meetings.

You should also refer to pages 10 to 15, including the flowcharts on pages 16 to 18, and to Part IX (Notes for making Elections) of this document, which set out in detail how to make Elections in respect of the Consideration.

Shire ADS Holders should refer to pages 5 to 9 and paragraph 28 of Part II (Explanatory Statement) of this document.

16. Irrevocable undertakings

Takeda has received irrevocable undertakings from each of the Shire Directors to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting in respect of a total of 371,599 Shire Shares (including such Shire Shares underlying Shire ADSs), representing approximately 0.041 per cent. of the issued ordinary share capital of Shire in issue on the Latest Practicable Date.

Shire has received irrevocable undertakings from each of the Takeda Directors who hold Takeda Shares to vote in favour of the Takeda Resolutions at the Takeda Extraordinary General Meeting in respect of a total of 185,896 Takeda Shares, representing approximately 0.02 per cent. of the issued ordinary share capital of Takeda on the Takeda Voting Record Date.

Further details of these undertakings, including details of the circumstances in which they will cease to be binding, are set out in paragraph 6 of Part VIII (Additional Information) of this document.

17. Recommendation

The Shire Directors, who have been so advised by Citi, Goldman Sachs and Morgan Stanley (as the independent advisers for the purposes of Rule 3 of the Takeover Code) as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice to the Shire Directors, each of Citi, Goldman Sachs and Morgan Stanley has taken into account the commercial assessments of the Shire Directors.

The Shire Board believes that the terms of the Acquisition are in the best interests of the Shire Shareholders taken as a whole. Accordingly, the Shire Directors recommend unanimously that Shire Shareholders and Shire ADS Holders vote (or procure votes) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting, as all Shire Directors who hold interests in Shire Shares and/or Shire ADSs (as applicable) have irrevocably undertaken to do in respect of their own beneficial holdings of 371,599 Shire Shares (including such Shire Shares underlying Shire ADSs).

Yours faithfully,

Susan Kilsby

Chairman

Shire plc

PART II

EXPLANATORY STATEMENT

(in compliance with Article 126 of the Jersey Companies Law)



Morgan Stanley

November 12, 2018

To all Shire Shareholders and Shire ADS Holders and, for information only, to participants in the Shire Share Plans and persons with information rights

Dear Shire Shareholder and/or Shire ADS Holder,

**RECOMMENDED CASH AND SHARE OFFER
FOR SHIRE PLC ("SHIRE") BY TAKEDA PHARMACEUTICAL COMPANY LIMITED
("TAKEDA") TO BE EFFECTED BY MEANS OF A SCHEME OF ARRANGEMENT**

1. Introduction

On May 8, 2018, the Shire Board and the Takeda Board announced that they had reached agreement on the terms of a recommended cash and share offer by Takeda for the entire issued and to be issued ordinary share capital of Shire.

The Shire Directors have been advised by Citi, Goldman Sachs and Morgan Stanley as to the financial terms of the Acquisition. Citi, Goldman Sachs and Morgan Stanley have been authorised by the Shire Board to write to you for information purposes on behalf of the Shire Board to set out the terms of the Acquisition and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part III (The Scheme of Arrangement) of this document.

Your attention is drawn to the letter from the Chairman of Shire plc set out in Part I (Letter from the Chairman of Shire plc) of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation by the Shire Directors to Shire Shareholders and Shire ADS Holders to vote (or procure votes) in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting, together with an explanation of the background to and reasons for recommending the Acquisition.

Statements made or referred to in this Explanatory Statement regarding: (i) Takeda's reasons for the Acquisition; (ii) information concerning the business of the Takeda Group; (iii) the financial effects of the Acquisition on Takeda and/or the Combined Group; and/or (iv) intentions or expectations of, or concerning, the Takeda Group and/or Combined Group, reflect the views of the Takeda Board (and not those of the Shire Board). Statements made or referred to in this Explanatory Statement regarding: (i) the background to, and reasons for, the recommendation of the Shire Directors; (ii) information concerning the business of the Shire Group; and/or (iii) intentions or expectations of, or concerning, the Shire Group, reflect the views of the Shire Board (and not those of the Takeda Board).

2. Summary of the terms of the Acquisition

Under the terms of the Acquisition, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and certain further terms that are set out in Part IV (Conditions to, and further terms of,

the implementation of the Scheme and the Acquisition) of this document and to the further terms set out in Part III (The Scheme of Arrangement) of this document, holders of Shire Shares (other than the Excluded Shares) on the register of members of Shire at the Scheme Record Time will be entitled to receive:

for each Shire Share **\$30.33 in cash**
and either
0.839 New Takeda Shares
or
1.678 New Takeda ADSs

The Consideration implies an equivalent value of:

- (a) £49.01 per Shire Share based on the closing price of ¥4,923 per Takeda Share and the exchange rates of £:¥ of 1:151.51 and £:\$ of 1:1.3945 on April 23, 2018 (being the day before the announcement that the Shire Board would, in principle, be willing to recommend the Consideration); and
- (b) £49.22 per Shire Share based on the closing price of ¥4,647 per Takeda Share and the exchange rates of £:¥ of 1:149.05 and £:\$ of 1:1.3152 on the Latest Practicable Date.

The equivalent value of £49.01 per Shire Share values the entire issued and to be issued ordinary share capital of Shire at approximately £45.6 billion as at the Latest Practicable Date and represents an illustrative premium of approximately:

- (i) 64.4 per cent. to the closing price of £29.81 per Shire Share on March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire);
- (ii) 56.2 per cent. to the 30 trading day volume weighted average price of £31.37 per Shire Share for the 30 Shire trading days ending March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire);
- (iii) 59.6 per cent. to the closing price of £30.70 per Shire Share on March 27, 2018 (being the last Business Day before the commencement of the Offer Period);
- (iv) 56.7 per cent. to the 30 trading day volume weighted average price of £31.28 per Shire Share for the 30 Shire trading days ending March 27, 2018 (being the last Business Day before the commencement of the Offer Period);
- (v) 6.6 per cent. to the closing price of £45.99 per Shire Share on the Latest Practicable Date; and
- (vi) 9.0 per cent. to the 30 trading day volume weighted average price of £44.98 per Shire Share for the 30 Shire trading days ending on the Latest Practicable Date.

The Acquisition is being implemented by way of a Court-sanctioned scheme of arrangement of Shire under Article 125 of the Jersey Companies Law. The provisions of the Scheme are set out in Part III (The Scheme of Arrangement) of this document. The Scheme is a legal process under the Jersey Companies Law, the purpose of which is to enable Takeda to become the owner of the entire issued and to be issued ordinary share capital of Shire (other than the Excluded Shares). In order to achieve this, it is proposed that all such Shire Shares at the Scheme Record Time will be transferred to Takeda, in consideration for which the holders of such Shire Shares whose names appear on the register of members of Shire at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive the Consideration.

Implementation of the Scheme requires the approval of the Scheme by the Shire Shareholders entitled to vote at the Court Meeting and the approval of the Special Resolution by Shire Shareholders at the Shire General Meeting. The Scheme also requires the sanction of the Court. The New Takeda Share

Resolution must also be approved at the Takeda Extraordinary General Meeting for the Acquisition to proceed. The Takeda Extraordinary General Meeting will take place before the Shire General Meeting and the Court Meeting.

Subject to the above, the Scheme will become Effective upon the delivery of the Court Order to the Registrar of Companies for registration. If the Scheme becomes Effective, it will be binding on all holders of Shire Shares (other than the Excluded Shares) at the Scheme Record Time, irrespective of whether or not they attend or vote to approve the Scheme at the Court Meeting and/or the Special Resolution at the Shire General Meeting. As a result, all of the Shire Shares at the Scheme Record Time will be transferred to Takeda (or such other nominee(s) of Takeda as are agreed between Takeda and Shire) with effect from the Effective Date by means of a form of transfer or other instrument of transfer, or, if applicable, by means of CREST. Shire will therefore become a wholly owned subsidiary of Takeda with effect from the Effective Date.

As a result of the Scheme becoming Effective, the New Takeda Shares and New Takeda ADSs (as applicable) will be issued to Shire Shareholders on the register of members of Shire at the Scheme Record Time in accordance with the terms of the Scheme. This will result in Shire Shareholders owning approximately 50 per cent. of the share capital of the Combined Group (based on the existing ordinary issued share capital of Takeda and the fully diluted share capital of Shire as at the Latest Practicable Date).

The New Takeda Shares will be listed on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges and the New Takeda ADSs will be listed on the NYSE, in each case effective upon, or shortly after, the Effective Date. Neither the New Takeda Shares nor the New Takeda ADSs will be listed on any stock exchange in the United Kingdom. The New Takeda Shares will rank equally in all respects with the existing Takeda Shares and will be entitled to receive any dividends and/or other distributions announced, declared, made or paid by Takeda in respect of Takeda Shares with a record date on or after the date of their issue. The New Takeda ADSs will rank equally in all respects with the existing Takeda ADSs (save that CDIs representing New Takeda ADSs will not carry any voting rights in Takeda (further detail on which can be found in paragraph 19.3(c)(ii) of Part II (Explanatory Statement) of this document)).

3. Background to, and Takeda's reasons for, the Acquisition

3.1 *Background to the Acquisition – the growth and transformation of Takeda*

Founded in 1781 in Osaka, Japan, Takeda is a global pharmaceutical company with an innovative portfolio. With its strong values, Takeda is committed to bringing better health and a brighter future to people globally.

Over the past four years, Takeda has been on a transformation journey, focused on becoming an agile, R&D driven, global biopharmaceutical company that is well positioned to deliver highly innovative medicines and transformative care to patients around the world. Takeda has continued to strengthen its reputation through world-class products and innovation, while remaining true to its values.

Takeda has built a distinct research and development strategy based on therapeutic area focus, a robust research engine and a comprehensive, differentiated partnership model. Takeda's research and development programme aims to leverage a combination of internal and external expertise to deliver a sustainable pipeline. Takeda currently has approximately 180 active partnerships, helping it actively pursue additional innovation. Takeda will remain committed to developing highly-innovative new medicines following completion of the Acquisition and intends to continue its strategy of building reciprocally advantageous external partnerships globally.

As part of its transformation journey, Takeda has focused on developing and commercialising innovative therapies that address unmet clinical needs in gastroenterology (GI), oncology and neuroscience plus vaccines. Rare disease is an evolving focus of Takeda's R&D development

strategy with more than one-third of its clinical research and development programmes targeting rare diseases.

Takeda has a strong track record of successful cross-border M&A and post-acquisition integration, including the acquisition of ARIAD Pharmaceuticals in 2017, Nycomed in 2011 and Millennium Pharmaceuticals in 2008. In July 2018, Takeda acquired TiGenix NV, an advanced biopharmaceutical company developing novel stem cell therapies for serious medical conditions, with the aim to bring new treatment options to patients with gastrointestinal disorders. Takeda has also entered into more than 50 collaborations with third parties during the fiscal year ended March 31, 2018 to help strengthen its pipeline.

Takeda's management team is highly experienced and diverse and has a proven track record of executing complex business integrations and large-scale transformations. Takeda is dedicated to carrying out integration efforts in a manner consistent with Takeda's core values of integrity, fairness, honesty and perseverance, building on the expertise of employees of both companies and ensuring it focuses on its principles of: (i) putting patients at the centre; (ii) building trust with society; (iii) reinforcing its reputation; and (iv) developing business performance. The combination of Takeda's and Shire's patient focus together with Takeda's values will guide the Combined Group as it creates an environment that inspires, enables collaboration and moves the Combined Group forward.

3.2 ***Reasons for the Acquisition***

The Takeda Directors believe that the Acquisition is a unique opportunity and that there is a compelling strategic and financial rationale for undertaking the Acquisition, which will deliver the following benefits:

Creates a global, values-based, R&D driven biopharmaceutical company incorporated and headquartered in Japan, with an attractive geographic footprint and provides the scale to drive future development

- The Acquisition will result in a Combined Group with an attractive geographic footprint and leading positions in Japan and the US, respectively the third and first largest pharmaceutical markets globally. China, the second largest market in the world, is, and will be, a key priority for Takeda with Takeda planning to launch seven new medicines there in the next five years.
- The geographic footprint of the Combined Group following completion of the Acquisition will allow Takeda to take advantage of expected growth opportunities in the pharmaceutical industry. Takeda's current presence in the US, an important and innovation-driven market, will increase significantly, while Shire's portfolio will benefit from Takeda's strong international presence in key markets like Russia and Brazil, as well as Japan. On a combined historical pro forma basis, the Combined Group would have generated approximately 49 per cent. of sales in the US, 18 per cent. in Japan and 33 per cent. in the rest of the world in the fiscal year ended March 31, 2018, and it is expected that the US will account for close to 50 per cent. of the combined revenues of the Combined Group in the future. Shire's portfolio will also benefit from Takeda's strong international presence in emerging markets and Japan.
- Takeda also believes that R&D will be a key driver of growth of the Combined Group. Takeda's R&D expense totalled ¥325.4 billion in the fiscal year ended March 31, 2018, while Shire's totalled \$1,763.3 million in the fiscal year ended December 31, 2017. Following the integration of Shire's business into Takeda, including rationalization initiatives, it is expected that the Combined Group will have total R&D expenditures of approximately 1.5 times that of Takeda in the fiscal year ended March 31, 2018. Takeda's

greater than ¥400 billion initial R&D global annual budget¹⁵ is highly competitive, especially when considering the budget allocated to pipeline development.

- As a result of greater scale and efficiencies in its commercial activities, the Acquisition will enable the Combined Group to further fuel its productive R&D engine, better positioning Takeda to deliver highly-innovative medicines and transformative care to patients around the world. While it is expected that future pricing pressure will increase everywhere, including in the US, Takeda is confident that the innovative nature of its portfolio and pipeline, as well as the strong margin profile of the Combined Group, will position it very well.

Strengthens Takeda's presence across two of its three core therapeutic areas, and provides leading positions in rare diseases and plasma-derived therapies

- The Acquisition will significantly accelerate Takeda's transformation by bringing together Takeda's and Shire's complementary positions in gastroenterology (GI) and neuroscience. It will also provide the Combined Group with leading positions in rare diseases and plasma-derived therapies. Following completion of the Acquisition, the Combined Group is expected to become a values-based, science-driven, global biopharmaceutical company with a distinctive focus in four core therapeutic areas; GI, oncology, neuroscience and rare diseases and additional strength in plasma-derived therapies and vaccines.
- Following completion of the Acquisition, Takeda will continue to focus on the acceleration of its oncology business, following its recent acquisition of ARIAD Pharmaceuticals. In addition, Takeda's vaccines business will continue to address the world's most pressing public health needs.
- Takeda expects that the Combined Group will derive approximately 75 per cent. of sales from five areas: gastroenterology (GI), oncology, neuroscience and rare diseases, plus plasma-derived therapies. While Takeda is fully aware of and has factored in the competitive pressure in these fields, including in hemophilia, Takeda believes that the Combined Group will bring unique growth opportunities in the future and is very confident that the assumptions and forecasts it has used to value the Combined Group remain valid.

The Acquisition creates a highly complementary, robust, modality-diverse pipeline and a strengthened R&D engine focused on breakthrough innovation

- Takeda and Shire have highly complementary pipelines. Shire has strong expertise in rare diseases, an attractive modality diverse mid- and late-stage pipeline enriched with large-molecule programmes, as well as cutting-edge technologies in gene therapy and recombinant proteins, and Takeda has a productive early stage development and research-orientated R&D programme with particular strength in small molecules.
- The Combined Group will benefit from a strong product portfolio, with recently launched products in particular driving growth. Takeda's products NINLARO, ALUNBRIG, ADCETRIS, ENTYVIO, TAKECAB and TRINTELLIX, and Shire's products VYVANSE, TAKHZYRO and its various immunoglobulin products accounted for a total of ¥886.7 billion of combined revenue in the fiscal year ended March 31, 2018 (for Takeda products) and December 31, 2017 (for Shire products), and for total revenue growth of 25.4 per cent. compared to the previous fiscal year. Most of these products were launched in key regions within the last five years (in the case of ADCETRIS, in the early 2010s) and Takeda expects the continued performance of these recently-launched products to drive growth of the Combined Group in the future.

¹⁵ The greater than 400 billion JPY initial R&D budget is a reference to the combined historical R&D spend for the period ending March 31, 2017 for Takeda and December 31, 2017 for Shire, less the expected R&D cost synergies.

- Both Takeda and Shire have focused R&D efforts in the Boston area, a well-established centre of innovation in the US. This is further supported by Takeda's Shonan Health Innovation Park, which is the first health innovation ecosystem in Japan.
- Over the past four years, Takeda has transformed its R&D engine to drive productivity and has begun to realise the value of the therapeutic area focus and increased external partnerships as evidenced by the enrichment of its early stage pipeline. The Acquisition will accelerate this transformation and will provide additional cash flow to continue to invest in its R&D engine and have a broader patient reach. Takeda believes that its R&D model is unique in the industry and that the Combined Group's R&D productivity will be best-in-class in the long term.

Delivers compelling financial benefits for the Combined Group – enhancing Takeda's cash flow profile, with management committed to delivering substantial synergies and generating attractive returns for shareholders

- The Acquisition is expected to deliver substantial annual cost synergies of at least \$1.4 billion by the end of the third fiscal year following completion of the Acquisition (with a one-off cost of \$2.4 billion), with the potential for additional revenue synergies from the complementary geographic and therapeutic focus.
- The Acquisition is expected to be significantly accretive to underlying earnings per Takeda Share from the first full fiscal year following completion of the Acquisition¹⁶ and to produce strong combined cashflows. The Acquisition is also expected to be earnings accretive per Takeda Share on a reported basis¹⁷ within three fiscal years following completion of the Acquisition.¹⁸
- The Acquisition is expected to result in attractive returns for Takeda Shareholders, with the return on invested capital (ROIC)¹⁹ expected to exceed Takeda's cost of capital²⁰ within the first full fiscal year following completion of the Acquisition.
- The substantial cash flow generation expected to result from the Acquisition will enable the Combined Group to de-lever quickly following completion of the Acquisition. Takeda is confident that it will maintain its investment grade credit rating, with a target net debt to Adjusted EBITDA ratio of 2.0x or less within three to five years following completion of the Acquisition, without the need to issue new shares. To help accelerate the de-leveraging process and ensure an optimal business mix, Takeda will consider selected disposals of non-core assets.
- Starting with a projected net debt to Adjusted EBITDA ratio of 4.8x (as at March 31, 2019), Takeda intends to reduce this to between 2.9x and 3.3x by March 31, 2021, and between 1.7x and 2.1x by March 31, 2023 (the lower of such numbers taking into account the potential divestiture of non-core assets of up to approximately \$10 billion).
- An enlarged and well-positioned combined portfolio will strengthen the Combined Group's ability to invest in the business and deliver returns to Takeda Shareholders. Takeda's

16 Excludes the impacts of divestitures, foreign exchange rates, and other amounts that are unusual, non-recurring items or unrelated to Takeda's core operations.

17 Earnings per share as derived from IFRS.

18 The statements that the Acquisition is earnings accretive is not intended as a profit forecast, should not be construed as such and is not subject to the rules on profit forecasts under the Takeover Code. These statements should not be interpreted to mean that the earnings per share in any future fiscal period will necessarily match or be greater than those for the relevant preceding financial period.

19 Shire's annual tax-effected core earnings including synergies and excluding cost to achieve synergies and transaction-related costs, as a percentage of the purchase price, or total enterprise value.

20 Takeda's weighted average cost of capital representing its blended cost of capital including equity and debt.

dividend policy has remained consistent over the past nine years, with an annual dividend of JPY 180 per Takeda Share having been paid to Takeda Shareholders. Takeda has remained disciplined with respect to the terms of the Acquisition and intends to maintain its well-established dividend policy of JPY 180 per Takeda Share.

- The Acquisition is expected to result in Takeda being the only pharmaceutical company listed on both the Tokyo Stock Exchange in Japan, where it will continue to have its primary listing, and the NYSE in the US, enabling it to access two of the world's largest capital markets.
- In addition to Takeda continuing to be the largest pharmaceutical company listed on the Tokyo Stock Exchange, the Acquisition will result in Takeda becoming the 8th largest company listed on the Tokyo Stock Exchange by reference to pro forma market capitalisation as at the Latest Practicable Date.
- Takeda generated consolidated revenue for the fiscal year ended March 31, 2018 of ¥1,770.5 billion, while Shire generated revenue of \$15,160.6 million in the year ended December 31, 2017. Excluding sales of non-prescription drug products, a combination of Takeda's total sales in the fiscal year ended March 31, 2018 and Shire's total sales in the fiscal year ended December 31, 2017 of ¥3,214.0 billion would have placed the Combined Group within the top ten pharmaceutical companies by prescription drug revenue worldwide in 2017 according to EvaluatePharma. On a pro forma basis, revenue of the Combined Group would have been ¥3,474.0 billion for the fiscal year ended March 31, 2018.

4. Synergy potential of the Acquisition

Takeda is confident that the Acquisition will create an opportunity to recognise significant recurring cost synergies, with the potential for additional revenue synergies from the combination of Shire and Takeda's combined infrastructure, market presence and development capabilities.

The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least \$1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Takeda expects these anticipated synergies to accrue as a direct result of the Acquisition and that they would not otherwise be achieved on a standalone basis.

4.1 Significant recurring cost synergy potential

The constituent elements of the quantified cost synergies, which are expected to originate from the cost bases of both Shire and Takeda, include:

- **Manufacturing and supply:** approximately four per cent. of the identified cost synergies are expected to be generated from savings from in-sourcing Oral Solid Dose manufacturing through Takeda excess capacity, efficiencies in operational procurement spend and reduced overheads;
- **R&D:** approximately 43 per cent. of the identified cost synergies are expected to be generated from removal of duplicated R&D costs, through rationalising ongoing research and early stage pipeline programmes to optimise value of R&D spend and reducing overlapping resources; and
- **Sales, marketing and administrative efficiencies:** approximately 53 per cent. of the identified cost synergies are expected to be generated from the reduction of overlapping marketing presence in gastroenterology (GI) and neuroscience, consolidation of overlapping office locations, the elimination of duplicated IT systems, the optimisation of marketing and sales employee and non-employee costs and the reduction of duplicate costs across central support functions.

4.2 **Realisation costs and cost dis-synergies**

The Takeda Directors expect the realisation of the quantified synergies will require estimated one-off cash costs of approximately \$2.4 billion incurred in the first three fiscal years following completion of the Acquisition.

The Takeda Directors do not expect any other material cost dis-synergies to arise in connection with the Acquisition.

4.3 **Tax structure**

The proposed tax structure of the Combined Group has not been finalised at this stage, but the Takeda Directors expect that the Combined Group may not be able to fully maintain Shire's current tax profile as a result of legislation not currently applicable to Shire.

4.4 **Revenue growth potential**

In addition to the quantified financial benefits highlighted above, the Takeda Directors further expect that the Combined Group will be able to realise additional revenue synergies which have not been quantified at this stage. The Takeda Directors expect these to arise from leveraging the combined strengthened global infrastructure of Takeda and Shire and through greater market presence in the key therapeutic areas, particularly gastroenterology (GI) and neuroscience.

The foregoing statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. For the purposes of Rule 28 of the Takeover Code and otherwise, the statements of estimated cost savings and synergies contained in this document and the statements of intention, belief or expectation for the Combined Group and Takeda following completion of the Acquisition contained in this document are solely the responsibility of Takeda and the Takeda Directors, and not of the Shire Directors.

These statements are not intended as a profit forecast and should not be interpreted as such.

Appendix III (Statement on quantified financial benefits) of this document includes a copy of these statements of anticipated cost savings and synergies arising out of the Acquisition and provides underlying assumptions and the bases of preparation. The Quantified Financial Benefits Statement as set out in Appendix III (Statement on quantified financial benefits) of this document has been reported on under the Takeover Code by Takeda's reporting accountant, Deloitte LLP, and its financial advisers, Evercore, J.P. Morgan Cazenove and Nomura.

5. **Financial effects of the Acquisition**

5.1 **Effect on earnings and assets**

Unaudited pro forma condensed combined balance sheet and statement of income

The unaudited pro forma condensed combined financial data set forth below reflects the following:

- (a) the Acquisition;
- (b) the financing obtained by Takeda to fund the cash portion of the Consideration; and
- (c) the issue of New Takeda Shares to Shire Shareholders on the register of members of Shire at the Scheme Record Time,

(collectively, the "**Transactions**").

The final value of Consideration paid under the Scheme will vary based on the exchange rate at the date of the completion of the Acquisition and the Takeda share price on that date. The terms and conditions of the financing that will be used to fund the Acquisition, including the amount of debt Takeda actually incurs, have therefore not been finally determined and are subject to change.

The unaudited pro forma condensed combined statement of financial position reflects the Transactions as if they occurred on March 31, 2018 and the unaudited pro forma condensed combined statement of income reflects the Transactions as if they occurred as of April 1, 2017. The unaudited pro forma condensed combined financial information has been prepared by Takeda management in accordance with the regulations of the SEC and is not necessarily indicative of what the Combined Group's financial position or results of operations actually would have been had the Acquisition been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial statements do not purport to project the future financial position or results of operations of the Combined Group. There were no material transactions between the Shire Group and the Takeda Group during the period presented in the unaudited pro forma condensed combined financial statements that would need to be eliminated.

The unaudited pro forma condensed combined financial statements have been prepared by Takeda using the acquisition method of accounting under IFRS as adopted by the Takeda Group, with Takeda being the accounting acquirer. The pro forma adjustments are preliminary and based on currently available information. The pro forma adjustments have been made solely for the purpose of preparing these unaudited pro forma condensed combined financial statements. Differences between these preliminary estimates and the final acquisition accounting will likely occur, and these differences could be material. The differences, if any, could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and Takeda's future results of operations and financial position.

In addition, the unaudited pro forma condensed combined financial statements do not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the Acquisition, the costs to integrate the operations of Shire or the costs necessary to achieve these cost savings, operating synergies and revenue enhancements.

The unaudited pro forma condensed combined financial information reflects events that are directly attributable to the Acquisition, are factually supportable, and with respect to the unaudited pro forma condensed combined statements of operations, are expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined statement of income excludes ¥24,760 million of non-recurring costs expected to be incurred in connection with the Acquisition and the impact of any incremental cost of sales related to the recognition of Shire's inventory at fair value of ¥406,798 million, which is expected to be recorded within the first year following completion of the Acquisition.

All financial data included in the unaudited condensed combined financial information are presented in millions of Japanese Yen and have been prepared on the basis of IFRS and Takeda's accounting policies. For the purpose of the pro forma condensed combined financial information, Shire's historical financial information as of and for the year ended December 31, 2017 has been conformed from US GAAP to IFRS and Takeda's accounting policies for material accounting policy differences based on information available to Takeda.

The unaudited pro forma condensed combined financial information set forth below should be read in conjunction with the audited consolidated financial statements (and their related notes) of Takeda and Shire for the periods ended March 31, 2017 and December 31, 2017, respectively. Amounts shown in the tables below have been rounded to the nearest indicated digit unless otherwise specified. As a result, the sum of the components may not equal the total amount reported due to rounding.

Unaudited pro forma condensed combined statement of financial position

As of March 31, 2018

	<u>Takeda</u>	<u>Shire (A)</u>	<u>Pro forma Adjustments</u>	<u>Note</u>	<u>Pro forma</u>
	<i>(millions of JPY)</i>				
ASSETS					
Non-current assets:					
Property, plant and equipment	536,801	749,012	37,479	(B)	1,323,292
Goodwill	1,029,248	2,238,458	787,977	(B)(ii)(c)	4,055,683
Intangible assets	1,014,264	3,744,677	1,798,695	(B)(ii)(a)	6,557,636
Deferred tax asset	64,980	35,611	882	(E)	101,473
Other	382,362	50,340	–		432,702
Total non-current assets	<u>3,027,655</u>	<u>6,818,098</u>	<u>2,625,033</u>		<u>12,470,786</u>
Current assets:					
Inventories	212,944	371,571	451,998	(B)	1,036,513
Trade and other receivables	420,247	394,864	–		815,111
Cash and cash equivalents	294,522	57,677	124,715	(C)	476,914
Other current assets	151,095	51,479	–		202,574
Total current assets	<u>1,078,808</u>	<u>875,591</u>	<u>576,713</u>		<u>2,531,112</u>
Total assets	<u>4,106,463</u>	<u>7,693,689</u>	<u>3,201,746</u>		<u>15,001,898</u>
LIABILITIES					
Non-current liabilities:					
Bonds and loans	985,644	1,858,972	–		2,844,616
Net defined benefit liabilities	87,611	66,056	–		153,667
Deferred tax liabilities	90,725	535,912	581,156	(B)(ii)(b)	1,207,793
Other	187,565	215,366	–		402,931
Total non-current liabilities	<u>1,351,545</u>	<u>2,676,306</u>	<u>581,156</u>		<u>4,609,007</u>
Current liabilities:					
Bonds and loan	18	313,948	3,303,378	(D)	3,617,344
Trade and other payables	240,259	71,752	–		312,011
Provisions	132,781	234,402	–		367,183
Other	364,451	296,958	114,391		775,800
Total current liabilities	<u>737,509</u>	<u>917,060</u>	<u>3,417,769</u>		<u>5,072,338</u>
Total liabilities	<u>2,089,054</u>	<u>3,593,366</u>	<u>3,998,925</u>		<u>9,681,345</u>
EQUITY					
Share capital	77,914	9,255	1,669,509	(E)	1,756,678
Share premium	90,740	2,827,075	(1,177,935)	(E)	1,739,880
Treasury shares	(74,373)	(31,942)	31,942	(E)	(74,373)
Retained earnings	1,557,307	1,140,737	(1,165,497)	(E)	1,532,547
Other components of equity	345,836	155,198	(155,198)	(E)	345,836
Equity attributable to owners					
of the company	1,997,424	4,100,323	(797,179)		5,300,568
Non-controlling interests	19,985	–	–		19,985
Total equity	<u>2,017,409</u>	<u>4,100,323</u>	<u>(797,179)</u>		<u>5,320,553</u>
TOTAL LIABILITIES AND EQUITY	<u>4,106,463</u>	<u>7,693,689</u>	<u>3,201,746</u>		<u>15,001,898</u>

Unaudited pro forma condensed combined statement of income

Year ended March 31, 2018

	<u>Takeda</u>	<u>Shire (A)</u>	<u>Pro forma Adjustments</u>	<u>Note</u>	<u>Pro forma</u>
					<i>(millions of JPY except share data)</i>
Revenue	1,770,531	1,703,475	–		3,474,006
Cost of sales	(495,921)	(529,114)	(1,352)	(F)	(1,026,387)
Selling, general and administrative expense	(628,106)	(393,241)	(844)	(F)	(1,022,191)
Research and development expense	(325,441)	(184,046)	(231)	(F)	(509,718)
Amortisation and impairment losses on intangible assets associated with products	(122,131)	(198,651)	(331,542)	(G)	(652,324)
Other operating income (expense), net	42,857	(99,072)	1,510	(I)	(54,705)
Operating profit	241,789	299,351	(332,459)		208,681
Finance income (expense), net	7,615	(65,799)	(98,579)	(H)	(156,763)
Share of profit (loss) of investments accounted for using the equity method	(32,199)	337	–		(31,862)
Profit before tax	217,205	233,889	(431,038)		20,056
Income tax (expense)/benefit	(30,497)	278,821	107,760	(J)	356,084
Net profit for the year, before discontinued operations	186,708	512,710	(323,278)		376,140
Gain/(loss) from discontinued operations	0	2,023	–		2,023
Net profit for the year	<u>186,708</u>	<u>514,733</u>	<u>(323,278)</u>		<u>378,163</u>
Attributable to:					
Owners of the Company	186,886				376,318
Non-controlling interest	(178)				(178)
Profit from continuing operations	<u>186,708</u>				<u>376,140</u>
Earnings per share (JPY):					
Basic	239.35				243.58
Diluted	237.56				242.66
Weighted average shares outstanding (in millions):					
Basic	780.8				1,544.9
Diluted	786.7				1,550.8

For the notes to the unaudited pro forma condensed combined financial statements, see Appendix IV (Notes to the unaudited pro forma condensed combined financial data) of this document.

5.2 Effect on capital value and income

(a) Shire Shares and New Takeda Shares

If the Scheme becomes Effective, Shire Shareholders on the register of members of Shire at the Scheme Record Time will be entitled to receive \$30.33 in cash and either 0.839 New Takeda Shares or 1.678 New Takeda ADSs in accordance with the terms of the Scheme for each Shire Share held. The following table sets out, for illustrative purposes only and

on the bases and assumptions set out in the notes below, the financial effects of the Acquisition on the capital value and income for a holder of 1,000 Shire Shares receiving \$30.33 in cash and 0.839 New Takeda Shares in accordance with the terms of the Scheme for each Shire Share held. No account has been taken of any liability to taxation of a Shire Shareholder or a Takeda Shareholder and no account has been taken of any transaction costs or any fractional entitlements to New Takeda Shares.

Column (A) is based on the Closing Price of Takeda Shares and Shire Shares on the Latest Practicable Date.

Column (B) is based on the Closing Price of Takeda Shares and Shire Shares on March 27, 2018 (being the last Business Day before the commencement of the Offer Period).

Illustrative effect on capital value (\$)	Note	(A)	(B)
Market value of 839 New Takeda Shares	(1)	34,402	44,751
Value of cash portion of Consideration		30,330	30,330
Total value of Consideration		<u>64,732</u>	<u>75,081</u>
Less: Market value of 1,000 Shire Shares	(2)	60,486	43,499
Illustrative increase in capital value		<u>4,246</u>	<u>31,582</u>
Illustrative effect on income	Note		
Gross annual dividend from 839 New Takeda Shares	(3)	1,333	1,428
Gross income from reinvestment of cash portion of Consideration	(4)	1,175	968
Total gross income under the terms of the Acquisition		2,507	2,396
Less: Gross dividend from 1,000 Shire Shares	(5)	461	461
Illustrative increase in gross income		<u>2,046</u>	<u>1,935</u>

Notes:

- (1) The market value of Takeda Shares is based on the closing middle market prices of: (A) 4,647 Japanese Yen per share and exchange rate of \$1.00:¥113.33 as derived from Bloomberg on the Latest Practicable Date; and (B) 5,640 Japanese Yen per share and exchange rate of \$1.00:¥105.74 as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (2) The market value of Shire Shares is based on the closing middle market prices of: (A) 45.99 pounds per share and exchange rate of £1.00:\$1.3152 as derived from Bloomberg on the Latest Practicable Date; and (B) 30.70 pounds per share and exchange rate of £1.00:\$1.4169 as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (3) The gross annual dividend from 839 New Takeda Shares is based on an annual dividend of JPY 180 per Takeda Share (Takeda's dividend policy has remained consistent over the past nine years) and exchange rate of: (A) \$1.00:¥113.33 as derived from Bloomberg on the Latest Practicable Date; and (B) \$1.00:¥105.74 as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (4) Dividend income from Takeda Shares purchased using the entire cash portion of Consideration, assuming Takeda share price, and \$:¥ and £:\$ exchange rates as per Notes (1) and (2) set out above.
- (5) Based on 2019 expected dividend of 46.13 US\$ cents per Shire share assuming that 2018 and 2019 dividends represent 115 per cent. of the total dividend in the previous year (34.88 US\$ cents per Shire share in 2017 and 40.11 US\$ cents per Shire share in 2018).

(b) Shire ADSs and New Takeda ADSs

If the Scheme becomes Effective, Shire ADS Holders will receive \$90.99 in cash and 5.034 New Takeda ADSs (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depository after the Scheme Effective Time) for every Shire ADS which they hold at the ADS Effective Date. The following table sets out, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the

Acquisition on the capital value and income for a holder of 1,000 Shire ADSs receiving \$90.99 in cash and 5.034 New Takeda ADSs for each Shire ADS held at the ADS Effective Date. No account has been taken of any liability to taxation of a Shire Shareholder or a Takeda Shareholder and no account has been taken of any transaction costs or any fractional entitlements to New Takeda ADSs.

Column (A) is based on the Closing Price of Takeda ADSs and Shire ADSs on the Latest Practicable Date.

Column (B) is based on the Closing Price of Takeda ADSs and Shire ADSs on March 27, 2018 (being the last Business Day before the commencement of the Offer Period).

Illustrative effect on capital value (\$)	Note	(A)	(B)
Market value of 5,034 New Takeda ADSs	(1)	104,204	132,394
Value of cash portion of consideration		90,990	90,990
Total value of consideration		195,194	223,384
Less: Market value of 1,000 Shire ADSs	(2)	180,950	128,870
Illustrative increase in capital value		14,244	94,514
Illustrative effect on income	Note		
Gross annual dividend from 5,034 New Takeda ADSs	(3)	3,998	4,285
Gross income from reinvestment of cash portion of consideration	(4)	3,491	2,945
Total gross income under the terms of the Acquisition		7,488	7,229
Less: Gross dividend from 1,000 Shire ADSs	(5)	1,384	1,384
Illustrative increase in gross income		6,105	5,846

Notes:

- (1) The market value of Takeda ADSs is based on the closing middle market prices of: (A) 20.70 \$ per ADS as derived from Bloomberg on the Latest Practicable Date; and (B) 26.30 \$ per ADS as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (2) The market value of Shire ADSs is based on the closing middle market prices of: (A) 180.95 \$ per ADS as derived from Bloomberg on the Latest Practicable Date; and (B) 128.87 \$ per ADS as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (3) The gross annual dividend from 5,034 New Takeda ADSs is based on an annual dividend of JPY 90 per ADS (Takeda's dividend policy has remained consistent over the past nine years) and exchange rate of: (A) \$1.00:¥113.33 as derived from Bloomberg on the Latest Practicable Date; and (B) \$1.00:¥105.74 as derived from Bloomberg for March 27, 2018 (the last Business Day before the commencement of the Offer Period).
- (4) Dividend income from Takeda ADSs purchased using the entire cash portion of the consideration, assuming the Takeda ADS price as per Note (1) set out above.
- (5) Based on 2019 expected dividend of 138.38 US\$ cents per Shire ADS assuming that 2018 and 2019 dividends represent 115 per cent. of the total dividend in the previous year (104.64 US\$ cents per Shire ADS in 2017 and 120.33 US\$ cents per Shire ADS in 2018).

6. Takeda's intentions and strategic plans for the Combined Group

6.1 Integration planning

The Takeda Board believes that there is a strong strategic fit between Takeda's business and Shire's business. The Takeda Board considers that Shire's product portfolio and pipeline are highly complementary to Takeda's and their combination will create a Combined Group that is a leader in highly innovative medicines that are transformative to patients. The Takeda Board believes that Takeda is the ideal acquirer for Shire and expects to apply the Combined Group's

expertise across therapeutic areas, research capabilities, infrastructure and employee talents to provide innovative solutions for patients, benefits for stakeholders and growth for shareholders.

Takeda has begun integration planning, with 20 functional integration teams working on plans to bring the two groups together in their respective business areas following completion of the Acquisition. Takeda has also started to design the future operating model of the Combined Group, which would be implemented following completion of the Acquisition. The future operating model is based on the following guiding principles:

- Patient-centric – developing more innovative medicines supported by world-class services and support capabilities.
- Agile & Simple – minimising complexity and empowering local leaders to make local decisions.
- Lean & Focused – concentrating the Combined Group’s efforts on the four core therapeutic areas of GI, neuroscience, oncology and rare diseases, plus plasma-derived therapies and vaccines.

Takeda envisages that the future operating model will include the following key elements:

- The Combined Group’s R&D effort will primarily be focused on four therapy areas: GI, neuroscience, oncology and rare diseases. There will also be a focused R&D effort in vaccines and plasma-derived therapies. The future operating model will be an extension of Takeda’s existing R&D efforts, which will therefore not be materially disrupted.
- The Combined Group will maintain a focus on excelling in manufacturing and quality. The global manufacturing network of the Combined Group will utilise both in-house and outsourced production, while prioritising technological and digital innovation, consistent with its aspiration to provide patients with the right medicines, at the right time, at an affordable price.
- Under the future operating model, the Combined Group will bring its medicines to patients through its local entities present in approximately 80 countries. These countries will be grouped into four regions: US, Japan, Europe and Canada, and a region comprising China, Latin America, Middle East, Asia Pacific, Russia and the Commonwealth of Independent States. Takeda will also create three global business units for the portfolios that have unique needs and require dedicated focus: oncology, plasma-derived therapies and vaccines.

In addition, Takeda has selected the future Takeda executive team whose roles will become effective upon completion of the Acquisition. It will comprise a group of highly experienced and diverse leaders with multiple female leaders and 11 different nationalities. The future Takeda executive team will not only have excellent functional knowledge, but will also represent enterprise leaders with a shared commitment to Takeda’s values and vision for the Combined Group’s future once their roles come into effect. For a list of the proposed members of the future Takeda executive team, see Appendix V (Proposed members of the future Takeda executive team (post-Effective Date)) to this document.

6.2 ***Employees and employment rights***

The Takeda Board attaches great importance to the skills, experience and market knowledge of the existing employees of Shire. Takeda is excited to welcome the employees of Shire to enhance Takeda’s therapeutic offerings and grow the value of the Combined Group in the longer term. The Takeda Board also believes Shire’s employees will benefit from greater opportunities as a result of being part of a larger, more global group with a wider range of complementary products and treatments and a deeper combined R&D capability.

The Takeda Board intends to look at ways to optimise the structure of the merged administrative and operational business units of the Combined Group in order to achieve the anticipated benefits of the Acquisition.

Takeda's evaluation work to identify potential synergies of the Combined Group has confirmed there will be some duplication between the two businesses. However, due to relevant antitrust legislation, Shire and Takeda have been unable to share the detailed information required by Takeda for it to formulate comprehensive plans or intentions regarding the impact of the Acquisition on Shire and its wide ranging and distinct business units and operational divisions. As detailed above, Takeda has begun integration planning and has started to design the future operating model of the Combined Group. The detailed steps for the integration plan will be developed further following completion of the Acquisition but Takeda will aim to retain the best talent across the Combined Group.

Based on its integration planning, Takeda expects a potential reduction of between six and seven per cent. of the total Combined Group workforce globally, comprising between 1.8 and 2.1 per cent. attributable to the optimisation of R&D functions and the balance attributable to sales, marketing and administrative efficiencies. These reductions are expected to occur during the first three years following completion of the Acquisition. However, it is also anticipated that headcount reductions will be partly mitigated by further job opportunities over the medium term as a result of the potential revenue synergy opportunities, as well as the standalone growth of the Combined Group, natural attrition and the elimination of vacant roles.

The finalisation and implementation of any workforce reductions will be subject to comprehensive planning and appropriate engagement with stakeholders, including affected employees and any appropriate employee representative bodies. Takeda would implement any job reductions in accordance with all relevant legal obligations. Takeda intends to approach the employee and management integration process with the aim of retaining and motivating the best talent across the Combined Group.

Takeda confirms that the existing contractual and employment rights, including in relation to pensions, of all Shire Group employees will be fully safeguarded upon, and following, completion of the Acquisition. Takeda does not intend to make any material changes to the conditions of employment or the balance of the skills and functions of the employees and management of the Shire Group or the Takeda Group.

6.3 **Headquarters and locations**

Upon completion of the Acquisition, Takeda will maintain its global headquarters in Japan, expand its R&D presence in the Boston area and have major regional locations in Japan, Singapore, Switzerland and the US. The Takeda leadership team will be primarily located in Tokyo or in the Boston area. Takeda will commence a review of the functions to be undertaken at Shire's current headquarters in Dublin within the first year following completion of the Acquisition.

The Takeda Board will evaluate the consolidation of Shire's operations into Takeda's in the Boston area, Switzerland and Singapore and the possibility of retaining Shire's offices in these locations. The Takeda Board will also consider efficiencies that may be obtained from combining Shire's manufacturing facilities into those of Takeda.

The Takeda Board does not envisage any other material changes with respect to the redeployment of Shire's existing material fixed assets.

6.4 **Pensions**

The Takeda Board does not intend to make any changes with regard to employer contributions into Shire's existing pension schemes or the accrual of benefits to existing members or the admission of new members to such pension schemes. Takeda intends that following completion

of the Acquisition, it will continue to comply with Shire's existing defined benefit pension obligations, including commitments to make previously agreed deficit contributions and contractually required contributions.

6.5 **Composition of the Takeda Board following completion of the Acquisition**

Takeda has agreed to nominate three Shire Directors (Olivier Bohuon, Ian Clark and Steven Gillis) to join the Takeda Board with effect from the completion of the Acquisition. Such appointments are subject to approval by the Takeda Shareholders, which will be sought at the Takeda Extraordinary General Meeting. It has not yet been determined whether any of the other Shire Directors will have any ongoing role with the Combined Group following completion of the Acquisition, but, in any event, such Shire Directors are not standing for election to the Takeda Board.

6.6 **R&D**

The Takeda Board believes that Takeda and Shire have highly complementary R&D activities. The Takeda Board considers that Shire's primarily development-focused portfolio aligns well with Takeda's largely research-oriented productive R&D engine, which will result in a robust, modality-diverse pipeline focused on meeting the needs of the patients we aim to serve. The Takeda Board understands the importance of continued investment in R&D to the Combined Group, with innovation a key driving factor in its success and the value its therapeutics provide.

The Takeda Board expects that, following completion of the Acquisition, R&D spend will be optimised by approximately \$600 million²¹ through the removal of duplicated costs between Shire and Takeda, including through rationalising programmes to optimise the value of R&D spend and reducing overlapping resources. Takeda intends to continue to invest in and execute its late stage pipeline.

6.7 **Retention arrangements**

Takeda wishes to ensure strong business momentum through retention and to ensure that employees are fairly treated. Accordingly, Takeda has agreed that Shire may implement employee retention arrangements for a number of key Shire employees throughout the organisation who have been identified by Shire after consultation with Takeda.

As part of this, Dr Flemming Ornskov (CEO of Shire) and Mr Thomas Dittrich (CFO of Shire) will each be entitled to receive a cash payment equivalent to 200 per cent. of their respective annual salaries and target bonuses for the financial year ending December 31, 2018, which, in each case, will be payable, subject to completion of the Acquisition, on the earlier of their ceasing employment, June 30, 2019 and the date falling six months after completion of the Acquisition and provided that the relevant executive is in employment on that payment date (subject to customary exceptions and conditions) (the "**Executive Director Retention Arrangements**"). The total value of the Executive Director Retention Arrangements is \$9.1 million.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, Citi, Goldman Sachs and Morgan Stanley have (in their capacity as independent advisers to Shire for the purposes of Rule 3 of the Takeover Code) reviewed the terms of the Executive Director Retention Arrangements together with other information deemed relevant and advised Shire that the Executive Director Retention Arrangements are fair and reasonable so far as the Shire Shareholders are concerned. In providing their advice, Citi, Goldman Sachs and Morgan Stanley have taken into account the commercial assessments of Shire.

21 This statement includes a quantified financial benefits statement which has been reported on for the purposes of the Takeover Code (see Appendix III (Statement on quantified financial benefits) of this document). The approximate \$600 million of R&D spend optimisation can be calculated as 43 per cent. of the \$1.4 billion of total run rate pre-tax cost synergies set out in Appendix III (Statement on quantified financial benefits) of this document.

6.8 **Other items**

No statements in this paragraph 6 constitute “post-offer undertakings” for the purposes of Rule 19.5 of the Code.

7. **Financing arrangements**

Takeda is financing the cash portion of the Consideration payable to Shire Shareholders pursuant to the Acquisition from third-party debt as described below.

On May 8, 2018, Takeda entered into a bridge credit agreement of \$30.85 billion with, among others, JPMorgan Chase Bank N.A., Tokyo Branch, Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. (the “**Bridge Credit Agreement**”), part of the proceeds of which may be used to fund the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. The bridge facility will be unsecured and is made available by a syndicate of lenders. There are four tranches under the Bridge Credit Agreement. Three of the four tranches have a maturity of 364 calendar days from the date when all conditions precedent to drawing under the Bridge Credit Agreement are satisfied or waived in accordance with the terms of the Bridge Credit Agreement. The fourth tranche has a maturity of 90 calendar days following such date. It has always been Takeda’s intention to rapidly reduce or refinance its commitments under the Bridge Credit Agreement prior to completion of the Acquisition with a combination of long-term debt, hybrid capital and available cash resources.

On June 8, 2018, Takeda entered into a term loan credit agreement for an aggregate principal amount of up to \$7.5 billion with, among others, JPMorgan Chase Bank N.A., Tokyo Branch, Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. and Mizuho Bank, Ltd. (the “**Term Loan Credit Agreement**”). The proceeds from the Term Loan Credit Agreement will be used to fund part of the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. In addition, the commitments under the Bridge Credit Agreement were reduced by \$7.5 billion following Takeda’s entry into of the Term Loan Credit Agreement. The facility under the Term Loan Credit Agreement is made available by a syndicate of lenders.

On October 26, 2018, Takeda entered into a senior short-term loan facility agreement for an aggregate principal amount of up to ¥500 billion with, among others, Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Ltd. (the “**Senior Short-Term Loan Facility Agreement**”). The Senior Short-Term Loan Facility Agreement is unsecured and will have a maturity of either one month, two months, three months or six months after the date of the advance, as determined by Takeda at the time of the advance. The proceeds from the Senior Short-Term Loan Facility Agreement will be used to fund a portion of the cash element of the Consideration payable to Shire Shareholders in connection with the Acquisition. In addition, the commitments under the Bridge Credit Agreement were reduced by a further \$4.5 billion following Takeda’s entry into the Senior Short-Term Loan Facility Agreement. The facility under the Senior Short-Term Loan Facility Agreement is made available by a syndicate of lenders.

On October 26, 2018, Takeda entered into a subordinated loan agreement, with aggregate commitments of ¥500 billion, with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Limited (the “**Subordinated Loan Agreement**”). The proceeds of the loan (the “**Subordinated Loan**”) under the Subordinated Loan Agreement, if drawn upon, will be used to reduce the commitments under the Senior Short-Term Loan Facility Agreement. The drawdown of all or a part of the Subordinated Loan may not be implemented if Takeda obtains alternative financing.

On November 8, 2018, Takeda announced an offering of its unsecured EUR denominated senior notes (the “**Bond Offering**”). The proceeds of the Bond Offering will be used to fund part of the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. The commitments under the Bridge Credit Agreement will be reduced by reference to the amount of the proceeds of the Bond Offering.

For more information on the Bridge Credit Agreement, the Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement, the Subordinated Loan Agreement and the Bond Offering, see paragraph 9.2 of Part VIII (Additional Information) of this document.

Takeda expects to refinance the remaining commitments under the Bridge Credit Agreement prior to completion of the Acquisition and believes that the remaining financing process will be successful at a competitive aggregate interest rate with an appropriate mix of currencies to reduce currency risk and hedging costs. Takeda is committed to a strong balance sheet and will ensure that it remains investment grade credit-rated following completion of the Acquisition. Takeda will consider disposing of non-core assets to help accelerate the deleveraging process.

8. Information on the Shire Group

Shire is a leading global biotechnology company focused on serving patients with rare diseases and other highly specialised conditions. Shire has grown both organically and through acquisition, completing a series of major transactions that have brought therapeutic, geographic and pipeline growth and diversification.

Shire seeks to develop and deliver breakthrough therapies for people around the world affected by rare diseases, and those with highly specialised conditions, who lack effective therapies to live their lives to the fullest.

Serving patients and partnering with healthcare communities in over 100 countries, Shire strives to develop best-in-class products across core therapeutic areas including Immunology, Hematology, Neuroscience, Internal Medicine, Genetic Diseases, and Ophthalmics.

Earlier in the year, Shire announced that it has entered into an agreement with Servier for the sale of its Oncology business for \$2.4 billion as part of its strategy to unlock value and sharpen its focus on rare disease leadership. The transaction closed on August 31, 2018.

Following the sale of the Oncology business, Shire has a robust portfolio of leading brands across six franchises:

Immunology: The Immunology franchise includes immunoglobulin therapies, which are used to treat a number of conditions including primary immunodeficiency, as well as a portfolio of therapies to treat hereditary angioedema.

Hematology: The Hematology portfolio is primarily focused on hemophilia, a rare bleeding disorder.

Neuroscience: The Neuroscience portfolio is focused on attention deficit hyperactivity disorder (ADHD), a neurodevelopmental disorder that manifests as a persistent pattern of inattention and/or hyperactivity-impulsivity that interferes with functioning or development.

Internal Medicine: The Internal Medicine franchise is focused on rare and specialised conditions such as short bowel syndrome, a rare and potentially fatal condition in which patients struggle to maintain adequate nutrition and hydration, and hypoparathyroidism, a rare disorder of the endocrine system responsible for regulating electrolyte levels, especially calcium.

Genetic Diseases: The portfolio in Genetic Diseases includes enzyme replacement therapies for three lysosomal storage disorders: Hunter syndrome (mucopolysaccharidosis II), Gaucher disease (glucocerebrosidase enzyme deficiency), and Fabry disease (alpha-galactosidase A enzyme deficiency). These are rare, genetic diseases that mainly affect children, and have the potential to severely impact quality of life and reduce life expectancy if not controlled.

Ophthalmics: XIIDRA, the only product approved in the US to treat the signs and symptoms of dry eye disease, is the foundational product for the Ophthalmics franchise. Dry eye disease is a highly prevalent condition in which the eye does not produce an adequate volume of tears or when the tears are not of the correct consistency, leading to irritation, blurred vision, and potentially corneal damage.

For the 52 weeks ended December 31, 2017, Shire's product sales were \$14,449 million (2016: \$10,886 million, which included Baxalta (acquired on June 3, 2016) and Dyax (acquired on January 22, 2016)) and it generated non-GAAP EBITDA of \$6,492 million (2016: \$4,710 million, which included Baxalta (acquired on June 3, 2016) and Dyax (acquired on January 22, 2016)).

For the nine months ended September 30, 2018 (reported on November 1, 2018), Shire's product sales were \$11,198.5 million (2017: \$10,537.9 million) and it generated non-GAAP EBITDA of \$4,866.3 million (2017: \$4,806.7 million).

Non-GAAP EBITDA is a non-GAAP metric and a reconciliation to US GAAP net income is provided in Part B to Appendix VI (Non-GAAP Reconciliations).

9. Information on the Takeda Group

Takeda is a global, research and development-driven pharmaceutical company with a presence in more than 70 countries. Takeda brings highly innovative, life-changing medicines to patients across the globe, with prescription drugs marketed directly or through Takeda's partners in approximately 100 countries worldwide. Takeda's global workforce of more than 27,000 employees is committed to bringing better health and a brighter future to patients. Takeda develops and markets pharmaceutical products to treat a broad range of medical conditions including GI diseases, cancer, neurological and psychiatric diseases and other medical conditions, including diabetes and hypertension, as well as vaccines. Takeda is also committed to its corporate social responsibility programme, which is dedicated to global health, and its access to medicine strategy, which aims to increase access to Takeda's innovative and potentially life-saving medicines for patients with some of the highest unmet medical needs across the world.

Takeda has a focused, agile and innovative research and development organisation whose goal is to impact patients' lives by translating science into transformative medicines. Takeda focuses on highly innovative medicine with 41 clinical stage assets with active development programmes as of October 31, 2018, more than one-third of which have orphan drug designations. As a result of Takeda's efforts to strengthen its pipeline, the total number of new molecular entity clinical stage-ups increased from 5 to 17 during the fiscal year ended March 31, 2018. Moreover, there were seven additional new molecular entity clinical stage-ups from April 1, 2018 to October 31, 2018. Takeda focuses its research and development efforts on three key therapeutic areas: GI, oncology and neuroscience, plus vaccines. Takeda has built a distinct research and development strategy based on a therapeutic area focus, a robust research engine and a comprehensive, differentiated partnership model with 45 per cent. of its pipeline partnered with academia, biotech firms and start-ups. Its research and development programme aims to leverage a combination of internal and external innovation to deliver a sustainable pipeline. Takeda currently has approximately 180 active partnerships, helping it actively pursue additional innovation.

Takeda's 237-year history started in 1781, when Chobei Takeda I began selling traditional Japanese and Chinese medicines in Doshomachi, Osaka. After Japan's Meiji Restoration opened the country to increased overseas trade in the late 1860s, Takeda was one of the first companies to begin importing western medicines into Japan. In 1895, it began its pharmaceutical manufacturing business, and Takeda's research division was formed in 1914, allowing Takeda to begin to introduce its own pharmaceutical products. In 1925, Takeda was incorporated as Chobei Takeda & Co., Ltd. and its name was later changed to Takeda Pharmaceutical Company Limited. In 1949, Takeda's shares were listed on the Tokyo and Osaka stock exchanges. Takeda began expanding into overseas markets in the 1960s, first in Asia and, subsequently, other markets around the world. It began enhancing its overseas business infrastructure in the late 1990s, with the formation of new subsidiaries in the United States and Europe.

Since 2014, Takeda has been focused on becoming an agile, research and development driven, global pharmaceutical company that is well positioned to deliver highly innovative medicines and transformative care to patients around the world. Takeda believes that it has successfully strengthened its reputation through its world-class products and innovation, while remaining true to its values. In

addition to Takeda's efforts to enhance its research and development capabilities, Takeda has a strong track record of successful cross-border merger and acquisition activities and post-acquisition integration, including its acquisition of ARIAD in 2017, Nycomed A/S in 2011 and Millennium Pharmaceuticals, Inc. in 2008. In July 2018, Takeda acquired TiGenix NV, an advanced biopharmaceutical company developing novel stem cell therapies for serious medical conditions, with the aim to bring new treatment options to patients with gastrointestinal disorders. Takeda also entered into more than 50 collaborations with third parties during the fiscal year ended March 31, 2018 to help strengthen its pipeline. With the Acquisition, Takeda is pursuing the next major step in its development into a global pharmaceuticals company.

9.1 **Business overview**

Takeda is a global pharmaceutical company with an innovative portfolio, engaged primarily in the research, development, production and marketing of pharmaceutical products. It has a diversified global business base operating in more than 70 countries and its prescription drugs are marketed in approximately 100 countries. Takeda develops and markets pharmaceutical products to treat a broad range of medical conditions including GI diseases, cancer, neurological and psychiatric diseases, and other medical conditions, including diabetes and hypertension, as well as vaccines. In the fiscal year ended March 31, 2017, Takeda had the highest global sales of prescription drugs among Japanese pharmaceutical companies.

Takeda is focusing on three key priorities in the mid-term: growing its portfolio, strengthening its pipeline and boosting its profitability. Pursuing portfolio growth involves a focus on Takeda's expected key growth drivers, namely the three key therapeutic areas of GI, oncology and neuroscience, as well as emerging markets. This also includes further strengthening of Takeda's specialty capabilities, while at the same time working to optimise its portfolio through targeted acquisitions and selected disposals of non-core assets.

Takeda's three core therapeutic areas are GI, oncology and neuroscience. Its key growth driver products in these core therapeutic areas include *ENTYVIO*, *TAKECAB*, *NINLARO*, *ADCETRIS*, *ICLUSIG*, *ALUNBRIG* and *TRINTELLIX*. It also focuses on developing vaccines to address global health needs.

In GI, Takeda's principal products include:

- *ENTYVIO*, a treatment for moderate to severe ulcerative colitis and Crohn's disease, and a product Takeda expects to be a driver for growth in the future. Sales of *ENTYVIO* have grown strongly since its launch in 2014 to become Takeda's top selling product in the fiscal year ended March 31, 2018. In July 2018, Takeda obtained a new drug application (NDA) approval for *ENTYVIO* for the treatment of patients with moderately to severely active ulcerative colitis in Japan. *ENTYVIO* is now approved in more than 50 countries worldwide, and Takeda continues to seek approval for *ENTYVIO* in additional countries. In the fiscal year ended March 31, 2018, Takeda's revenue from *ENTYVIO* was ¥201.4 billion.
- *PANTOPRAZOLE*, a proton-pump inhibitor used to treat gastroesophageal reflux disease. Takeda obtained this product in its acquisition of Nycomed A/S in 2011. *PANTOPRAZOLE* is sold worldwide in a number of countries and regions, and while Takeda's substance patents have expired in several key markets, including the United States and the EU, it continues to generate strong sales in emerging markets. In the fiscal year ended March 31, 2018, Takeda's revenue from *PANTOPRAZOLE* was ¥65.8 billion.
- *DEXILANT*, a treatment for erosive gastroesophageal reflux disease that was launched in the United States in 2009. *DEXILANT* has also been approved in Europe and in a number of emerging markets. In the fiscal year ended March 31, 2018, Takeda's revenue from *DEXILANT* was ¥65.7 billion.
- *TAKECAB*, a treatment for acid-related diseases, and a product Takeda expects to be a driver for growth in the future. *TAKECAB* was launched in Japan in 2015 and has achieved

significant growth following the expiration of the prescription limitation period in March 2016. In the fiscal year ended March 31, 2018, Takeda's revenue from *TAKECAB* was ¥55.1 billion.

- *AMITIZA*, a treatment for constipation that was launched in the United States in 2006. *AMITIZA* is in-licensed from Sucampo Pharmaceuticals, Inc., which became a wholly owned subsidiary of Mallinckrodt plc in February 2018, and Takeda has the exclusive rights to further develop and commercialise *AMITIZA* in all global markets, except Japan and the People's Republic of China. In the fiscal year ended March 31, 2018, Takeda's revenue from *AMITIZA* was ¥33.8 billion.

In oncology, Takeda's principal products include:

- *LEUPRORELIN*, a treatment for prostate cancer, breast cancer and endometriosis, that is marketed in approximately 100 countries worldwide. In the fiscal year ended March 31, 2018, Takeda's revenue from *LEUPRORELIN* was ¥114.4 billion.
- *VELCADE*, a treatment for multiple myeloma and relapsed mantle cell lymphoma that is approved in more than 90 countries worldwide. *VELCADE* is indicated in the United States, Europe and Japan as a first-line treatment for multiple myeloma patients. Janssen Pharmaceutical Companies have commercialisation rights outside the United States and pay royalties to Takeda on *VELCADE* sales in their territories. In the fiscal year ended March 31, 2018, Takeda's revenue from *VELCADE* was ¥113.7 billion in the United States and it recognised ¥23.6 billion from sales outside the United States. Following the expiration of patent protection over its active ingredient in 2017, generic versions of *VELCADE* have been introduced.
- *NINLARO*, the first oral proteasome inhibitor for the treatment of multiple myeloma, and a product Takeda expects to be a driver for growth in the future. *NINLARO* has experienced a strong uptake in sales since launching in the United States in 2015. Due to its efficacy and safety profile and convenient orally administered dosing of one capsule per week, Takeda believes *NINLARO* has significant potential to improve treatment outcomes in multiple myeloma by extending therapy duration. Takeda believes *NINLARO* has the potential to become a broadly-used treatment for multiple myeloma. *NINLARO* was approved in the EU in 2016 and in Japan in 2017, and Takeda is seeking marketing authorisation in a number of additional countries. In the fiscal year ended March 31, 2018, revenue from *NINLARO* was ¥46.4 billion.
- *ADCETRIS*, an anti-cancer agent used to treat Hodgkin's lymphoma and systemic anaplastic large cell lymphoma, and a product Takeda expects to be a driver for growth in the future. *ADCETRIS* was launched in the United States, the EU and Japan in 2011, 2012 and 2014, respectively. *ADCETRIS* has received marketing authorisation by regulatory authorities in more than 60 countries worldwide. Takeda jointly develops *ADCETRIS* with Seattle Genetics, Inc. and has commercialisation rights in countries outside the United States and Canada. Takeda believes that *ADCETRIS* has the potential to become a cornerstone in the treatment of malignancies with the presence of CD30, a key driver of classical Hodgkin's lymphoma tumour pathogenesis, and it is working to expand the target patient population with new indications. In the fiscal year ended March 31, 2018, Takeda's revenue from *ADCETRIS* was ¥38.5 billion.
- *ICLUSIG*, a treatment for chronic myeloid leukaemia and Philadelphia chromosome positive acute lymphoblastic leukaemia, and a product Takeda expects to be a driver for growth in the future. *ICLUSIG* was developed by ARIAD and is approved in the United States, the EU, Australia, Switzerland, Israel, Canada and Japan. In the fiscal year ended March 31, 2018, Takeda's revenue from *ICLUSIG* was ¥23.1 billion.

- *ALUNBRIG*, an orally administered small molecule anaplastic lymphoma kinase inhibitor used to treat non-small cell lung cancer, and a product Takeda expects to be a driver for growth in the future. *ALUNBRIG* was developed by ARIAD. *ALUNBRIG* was granted accelerated approval in the United States in April 2017, and is currently under regulatory review in the EU. Takeda believes *ALUNBRIG* has the potential to be the best-in-class anaplastic lymphoma kinase inhibitor, and it is conducting studies that aim to broaden *ALUNBRIG*'s approved indications. In the fiscal year ended March 31, 2018, Takeda's revenue from *ALUNBRIG* was ¥2.8 billion.

In neuroscience, Takeda's principal product is:

- *TRINTELLIX*, an antidepressant indicated for the treatment of major depressive disorder in adults, and a product Takeda expects to be a driver for growth in the future. *TRINTELLIX* was co-developed with H. Lundbeck A/S, and was launched in 2014 in the United States. Takeda has commercialisation rights in the United States and Japan (although *TRINTELLIX* has not yet been launched in Japan). In 2016, the drug was renamed from *BRINTELLIX* to *TRINTELLIX* in the United States to avoid name confusion with another unrelated treatment. In the fiscal year ended March 31, 2018, Takeda's revenue from *TRINTELLIX* was ¥48.4 billion in the United States.

9.2 **Sales and marketing**

Takeda organises its sales channels under five regional business units, United States, Japan Pharma, Emerging Markets, EUCAN and Japan Consumer Healthcare, and two global specialty business units, Oncology and Vaccines.

Takeda's regional business units, United States, Japan Pharma, Emerging Markets and EUCAN, are focusing on investments that support growth potential in the market and enhance efficiency. Takeda's primary sales and marketing activities are organised around these four business units.

The US business unit focuses on recently approved products in the United States, the largest pharmaceutical market in the world. It has a specialised sales force to support *ENTYVIO* to better meet the needs of those who treat and manage inflammatory bowel disease, as well as a general medicine sales force, and added a dedicated neuroscience sales team to support *TRINTELLIX* to reach psychiatrists who treat major depressive disorder.

The Japan Pharma business unit focuses on retaining Takeda's position as one of the leading pharmaceutical companies in its home market of Japan, where the government is driving stricter control of drug prices and promoting the penetration of generics.

The Emerging Markets business unit makes focused investments in order to maximise growth potential in areas across Asia Pacific, Greater China, Latin America, Near East, Middle East & Africa and Russia/Commonwealth of Independent States. Established Products, or branded generics (also referred to as Value Brands in the Emerging Markets), are valued by Takeda's customers as quality medicine, and innovative products such as *ENTYVIO*, *NINLARO* and *ADCETRIS* are also crucial for Emerging Markets, as Takeda expects these key growth drivers to exhibit strong growth in the coming years.

The EUCAN business unit continues to grow the business with a more specialised approach in the European and Canadian markets, where public insurance has set a higher bar for the reimbursement of medicines, requiring innovation and differentiation for the products to be reimbursed. As Canada's health insurance system is very similar to that of Europe, the Canadian market is managed by the EUCAN business unit.

9.3 **Property, plant and equipment**

Takeda's head offices are located in Osaka, Japan and Tokyo, Japan. Takeda generally owns its facilities or has entered into long-term lease arrangements for them.

As of March 31, 2018, the net book values of the buildings and structures, land, machinery and vehicles and tools, furniture and fixtures Takeda owned were ¥293.6 billion, ¥69.7 billion, ¥99.0 billion and ¥19.6 billion, respectively. Takeda owns the substantial majority of its facilities, none of which is subject to any material encumbrance. The following table describes Takeda's major facilities as of March 31, 2018:

<u>Group Company</u>	<u>Name of facility (location)</u>	<u>Type of facility</u>
Takeda Pharmaceutical Company Limited	Head Office (Chuo-ku, Osaka and other)	Administrative and sales
Takeda Pharmaceutical Company Limited	Global Head Office (Chuo-ku, Tokyo)	Administrative and sales
Takeda Pharmaceutical Company Limited	Osaka Plant (Yodogawa-ku, Osaka)	Manufacturing, Research & Development
<u>Group Company</u>	<u>Name of facility (location)</u>	<u>Type of facility</u>
Takeda Pharmaceutical Company Limited	Hikari Plant (Hikari, Yamaguchi)	Manufacturing, Research & Development
Takeda Pharmaceutical Company Limited	Shonan Research Center (Fujisawa, Kanagawa)	Research
Takeda Real Estate Co., Ltd.	Takeda Midosuji Building and others (Chuo-ku, Osaka)	Lease facilities
Nihon Pharmaceutical Co., Ltd.	Osaka Plant and other (Izumisano, Osaka)	Manufacturing, Research & Development
Takeda Healthcare Products Co., Ltd.	Head Office Plant (Fukuchiyama, Kyoto)	Manufacturing
Millennium Pharmaceuticals, Inc.	Head Office Plant and other properties (Cambridge, Massachusetts, US)	Research & Development
Takeda Ireland Limited	Head Office Plant and other properties (Kilruddery and Dublin, Ireland)	Manufacturing
Takeda Pharmaceuticals U.S.A., Inc.	Head Office (Deerfield, Illinois, US)	Administrative and sales

10. Permitted Dividends and dividend policy

10.1 Permitted Dividends

Under the terms of the Acquisition, Takeda has agreed that Shire Shareholders will be entitled to receive any dividends announced, declared, made or paid by Shire, in each case in the ordinary course (including as to amount and on usual biannual declaration, record and payment dates), in respect of any completed six-month period ending June 30 and December 31 before the Effective Date. Such dividends shall not exceed:

- (a) 34.51 US\$ cents per Shire Share for the six-month period ending December 31, 2018 (such that the total for the 12-month period ending December 31, 2018 does not exceed 40.11 US\$ cents per Shire Share);
- (b) in respect of any subsequent six-month period ending June 30, an amount representing not more than 110 per cent. of the dividend per Shire Share paid in respect of the six-month period ending June 30, 2018; and
- (c) in respect of any subsequent six-month period ending December 31, an amount, when taken in aggregate with any amount paid for the six-month period ending June 30 in the

same financial year, representing not more than 115 per cent. of the total dividend per Shire Share paid in respect of the year ending December 31, 2018,

(each dividend that is permissible under these criteria being a “**Permitted Dividend**”), without any consequential reduction in the Consideration payable by Takeda in respect of each Shire Share (including such Shire Shares underlying the Shire ADSs) under the Acquisition.

If any dividend and/or other distribution or return of capital is announced, declared, made or paid by Shire in respect of Shire Shares after the date of the Rule 2.7 Announcement and before the Effective Date, other than a Permitted Dividend, or in excess of a Permitted Dividend, Takeda reserves the right to reduce the Consideration payable in respect of each Shire Share (including such Shire Shares underlying the Shire ADSs) under the Acquisition: (i) in the case of an amount in excess of a Permitted Dividend, by an amount equivalent to all or any part of such excess; or (ii) in the case of a dividend and/or other distribution or return of capital which is not a Permitted Dividend, by the amount of all or part of any such dividend, distribution or return of capital.

On October 19, 2018, Shire paid an interim dividend of 5.60 US\$ cents per Shire Share in respect of the six-month period ended June 30, 2018. Takeda has confirmed that such amount constituted a Permitted Dividend.

10.2 **Takeda dividend policy**

Takeda’s capital resource management is based on the four following focus areas:

- investments in its internal research and development pipeline, foundational technology and ability to develop and bring to market new products;
- dividends as an important tool for returning capital to shareholders, while emphasising capital gains for shareholders through increased corporate value;
- the maintenance of an investment grade credit rating; and
- disciplined alliances and acquisitions to strengthen its business around its key therapeutic areas.

Takeda’s dividend policy has remained consistent over the past nine years, with an annual dividend of JPY 180 per share having been paid to Takeda Shareholders. Following completion of the Acquisition, Takeda’s well-established dividend policy will continue to be a key component of future shareholder returns.

11. **Offer-related arrangements**

11.1 **Confidentiality Agreement**

Takeda and Shire have entered into a mutual confidentiality agreement dated April 22, 2018 pursuant to which each of Takeda and Shire has undertaken, among other things, to keep information relating to the other party confidential and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation.

The mutual confidentiality agreement also contains undertakings from both Shire and Takeda that for a period of 18 months from the date of the Confidentiality Agreement, subject to certain exceptions, neither Takeda nor Shire will approach or solicit the other’s directors, officers, senior managers and certain of their other employees.

11.2 **Confidentiality and Joint Defense Agreement**

Takeda, Shire and their respective legal counsels have also entered into a confidentiality and joint defense agreement dated April 30, 2018, the purpose of which is to ensure that the exchange and/or disclosure of certain materials relating to the parties and in relation to, in particular, the anti-trust workstream only takes place between their respective legal counsels and external

experts, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

11.3 **Clean Team Confidentiality Agreement**

Takeda and Shire have entered into a clean team confidentiality agreement dated April 30, 2018, which sets out how any confidential information that is competitively sensitive can be disclosed, used or shared for the purposes of due diligence, synergies evaluation, integration planning and regulatory clearance. Such commercially sensitive information must only be made available to the party receiving information through designated persons removed from day-to-day commercial/strategic operations and decisions and external professional advisers. The findings of such designated persons and the external advisers may only be relayed to other employees, officers and directors of the receiving party in specified circumstances and subject to certain restrictions.

11.4 **Co-operation Agreement**

A summary of the terms of the Co-operation Agreement is included in paragraph 9.1 of Part VIII (Additional Information) of this document.

As part of the Co-operation Agreement, Takeda has undertaken that if, at or before termination of the Co-operation Agreement:

- (a) the Takeda Board withdraws or adversely modifies, adversely qualifies or fails to provide, or fails to reaffirm (when reasonably requested by Shire to do so) its recommendation that the Takeda Shareholders vote in favour of the New Takeda Share Resolution (including before publication of the Takeda Shareholder Documents, their intention to do so) and either Takeda or Shire serves notice to terminate the Co-operation Agreement, Takeda will pay to Shire an amount in cash in US Dollars (rounded down to the nearest US Dollar) equal to two per cent. of the product of £48.17 (being the equivalent value of the cash and Takeda Shares to be delivered per Shire Share, as set out in the Rule 2.7 Announcement) multiplied by 937,925,528 (being the issued and to be issued ordinary share capital of Shire, as set out in the Rule 2.7 Announcement) and converted using an exchange rate of £:\$ of 1:1.3546;
- (b) the New Takeda Share Resolution is not passed at the Takeda Extraordinary General Meeting and either Takeda or Shire serves notice to terminate the Co-operation Agreement, Takeda will pay to Shire an amount in cash in US Dollars (rounded down to the nearest US Dollar) equal to one per cent. of the product of £48.17 (being the equivalent value of the cash and Takeda Shares to be delivered per Shire Share, as set out in the Rule 2.7 Announcement) multiplied by 937,925,528 (being the issued and to be issued ordinary share capital of Shire, as set out in the Rule 2.7 Announcement) and converted using an exchange rate of £:\$ of 1:1.3546; or
- (c) on or before the Long Stop Date, the Scheme (or Takeover Offer, as the case may be) lapses or is withdrawn as a result of Takeda invoking and being permitted by the Panel to invoke any Regulatory Condition, or Takeda not waiving a Regulatory Condition that is not satisfied, or if the European Commission on or before such date initiates a Phase 2 review under the EU Merger Regulation or a similar event has occurred in a Member State of the EU, Takeda will pay to Shire an amount in cash in US Dollars (rounded down to the nearest US Dollar) equal to 1.5 per cent. of the product of £48.17 (being the equivalent value of the cash and Takeda Shares to be delivered per Shire Share, as set out in the Rule 2.7 Announcement) multiplied by 937,925,528 (being the issued and to be issued ordinary share capital of Shire, as set out in the Rule 2.7 Announcement) and converted using an exchange rate of £:\$ of 1:1.3546.

No break fee will be payable if the Co-operation Agreement has already terminated before the occurrence of the relevant break fee trigger. If more than one of the foregoing break fee triggers

occurs before such termination, Takeda will pay the highest break fee applicable to such triggers. In no event shall Takeda be required to pay more than one of the break fee amounts described above.

In addition, the regulatory break fee referred to in paragraph (c) above will not be payable if:

- (A) Shire has obstructed Takeda from being able to agree and implement, in time to avoid a break fee trigger, any remedy offered by Takeda to, or imposed by, a Relevant Authority in connection with the satisfaction of a Regulatory Condition by withholding information or failing to co-operate with reasonable requests made by Takeda in connection with any such remedy, provided that Takeda is not in breach of certain of its obligations under the Co-operation Agreement and such remedy is to be implemented conditional upon the Effective Date; or
- (B) the break fee trigger referred to in paragraph (c) above is caused to a material extent by Shire undertaking, after the date of the Co-operation Agreement, an acquisition of any interest in shares, businesses or assets that would reasonably be expected to result in the break fee being triggered without Takeda's prior written consent.

11.5 ***Master Framework and Custody Agreement***

Takeda, Shire (acting as the Representative), the Receiving Agent, the Fiduciary, the Takeda Depositary, the Global Custodian and Nomura Securities, Co., Ltd have entered into a Master Framework and Custody Agreement dated November 12, 2018, pursuant to which the parties have agreed to implement the arrangements and take the steps required to facilitate the settlement procedure for the New Takeda Securities described in paragraph 20 of this Part II. The obligations of Shire under the Master Framework and Custody Agreement are conditional upon the Scheme becoming Effective and the issue of the New Takeda Shares becoming effective under the Japanese Companies Act.

The Master Framework and Custody Agreement sets out, in particular, the framework for: (i) the creation and ongoing operation of the Settlement Account; (ii) the processing and actioning of Securities Elections, including those received within three months of the Effective Date; and (iii) the process for sales of the Fractional Shares, the New Takeda Shares pursuant to the Dealing Facility, any New Takeda Shares remaining in the No Action Sub-Account at the end of the period falling three months after the Effective Date and any New Takeda Shares remaining held through the Corporate Nominee Facility at the end of the period falling two years after the Effective Date, including the parameters of the Sales Policy.

11.6 ***Shire Depositary Instruction Letter***

Takeda, Shire, the Takeda Depositary, the Shire Depositary and the Receiving Agent have entered into an Instruction Letter dated November 12, 2018, pursuant to which the parties have agreed to implement the arrangements and take the steps required to facilitate the settlement procedure for the cash portion of the Consideration and the New Takeda ADSs to which the Shire Depositary is entitled, as further described in paragraph 5 of Part X (Further information for Shire ADS Holders).

The Shire Depositary Instruction Letter supplements the terms of the Shire Deposit Agreement and sets out, in particular, the framework for: (i) the solicitation of the votes by the Shire Depositary from the Shire ADS Holders in respect of the Court Meeting and Shire General Meeting; (ii) the delivery to each Shire ADS Holder of their pro rata entitlement to the Consideration received by the Shire Depositary (in respect of the Shire Shares which underlie the Shire ADSs at the Scheme Record Time) in exchange for their Shire ADSs; (iii) the payment by Shire to the Shire Depositary of fees arising from Shire ADS Holders presenting their Shire ADSs to the Shire Depositary for cancellation between 8.00 a.m. (New York time) on December 4, 2018 and 5.00 p.m. (New York time) on December 26, 2018; (iv) the payment by Shire to the Shire Depositary of fees arising in relation to the distribution of the cash portion of

the Consideration to Shire ADS Holders; and (v) certain other ancillary matters (including in relation to the fees and expenses of the Shire Depositary).

12. Shire Share Plans

Participants in the Shire Share Plans will be contacted separately regarding the effect of the Scheme on their rights under the Shire Share Plans and with the details of Takeda's proposals and with further details in respect of the below. A summary of the effect of the Scheme on awards/options/stock appreciation rights under the Shire Share Plans ("**Awards**") is set out below.

The Scheme will apply to any Shire Shares which are unconditionally allotted, issued or transferred to satisfy the vesting or exercise of Awards under the Shire Share Plans before the Scheme Record Time. Any Shire Shares allotted, issued or transferred to satisfy the exercise of Awards under the Shire Share Plans after the Scheme Record Time will, subject to the Scheme becoming Effective and the proposed amendments to the Shire Articles being approved at the Shire General Meeting, be immediately transferred to Takeda in exchange for a cash amount of a value equal to the value of the same consideration that Shire Shareholders will be entitled to receive under the Scheme.

Further information in respect of the proposed amendments to the Shire Articles is contained in the Notice of Shire General Meeting at Part XIII (Notice of Shire General Meeting) of this document.

12.1 Shire Long Term Incentive Plan 2015 (the "LTIP")

Awards granted under the LTIP which would not otherwise vest and/or (in the case of stock appreciation rights) have been exercisable prior to the Court Sanction Hearing will (in consequence of the Acquisition and in accordance with participants' contractual rights under the LTIP) vest on the date of the Court Sanction Hearing to the extent permitted under the LTIP rules. Awards granted in the form of stock appreciation rights will (unless they lapse earlier in accordance with the rules of the LTIP) remain exercisable in the 60-day period following the date of the Court Sanction Hearing. The extent to which Awards under the LTIP vest will be determined by applying the time pro-rating formula set out in the LTIP rules and, in respect of those Awards subject to performance conditions, taking into account the extent to which the Shire Remuneration Committee, in its absolute discretion, determines that applicable performance conditions have been achieved. Awards vesting/exercised on or after the Court Sanction Hearing will be settled in cash in lieu of Shire Shares or Shire ADSs.

If a participant holds a stock appreciation right with an exercise price that is equal to or exceeds the value of the Shire Shares or Shire ADSs subject to their Award on the date of the Court Sanction Hearing and the participant attempts to exercise their stock appreciation right on that date, they will be deemed to have forfeited their right to their stock appreciation right in return for a cash compensation payment.

Any participant whose Award lapses on the Court Sanction Hearing (following application of performance conditions, if relevant) due to time pro rating will be granted a transitional cash award by Takeda. The vesting schedule applicable to this award will mirror the vesting schedule that applied to the original award, save that it may vest earlier in certain leaver circumstances.

12.2 Shire Deferred Bonus Plan 2015 (the "DBP")

Awards granted under the DBP which would not otherwise vest prior to the Court Sanction Hearing will (in consequence of the Acquisition and in accordance with participants' contractual rights under the DBP) vest in full on the date of the Court Sanction Hearing. Awards in the form of restricted stock units vesting on the Court Sanction Hearing will be settled in cash in lieu of Shire Shares or Shire ADSs. Shire ADSs subject to Awards in the form of restricted stock awards will participate in the Scheme (on the same terms as other Shire ADSs).

12.3 *Shire Global Employee Stock Purchase Plan (the “GESPP”)*

Options granted under the GESPP were exercised on their normal exercise date in accordance with the rules of the GESPP prior to the date of this document. Consequently, no options granted under the GESPP are outstanding and no further grants are expected prior to the date of the Court Sanction Hearing.

12.4 *Shire Portfolio Share Plan (the “PSP”)*

Awards granted in the form of stock appreciation rights under the PSP will, unless they lapse earlier, remain exercisable in the 12-month period following the date of the Court Sanction Hearing. The PSP will be amended to allow stock appreciation rights to be settled in cash in lieu of Shire Shares or Shire ADSs and the Shire Remuneration Committee has resolved that exercises on or after the Court Sanction Hearing will be settled in cash in lieu of Shire Shares or Shire ADSs.

If a participant holds a stock appreciation right with an exercise price that is equal to or exceeds the value of the Shire Shares or Shire ADSs subject to their Award on the date of the Court Sanction Hearing and attempts to exercise their stock appreciation right on that date, they will be deemed to have forfeited their right to their stock appreciation right in return for a cash compensation payment.

12.5 *Shire Sharesave Scheme 2008 and the Shire UK Sharesave Plan 2015 (together, the “UK Sharesave”)*

Awards granted under the UK Sharesave which would not otherwise have been exercisable prior to the Effective Date will (in consequence of the Acquisition and in accordance with participants' contractual rights under the UK Sharesave) be exercisable to the extent permitted under the UK Sharesave rules on and from the Effective Date and until the expiry of the date falling six months after the Effective Date (unless their Award lapses earlier under the rules of the UK Sharesave). Any Awards exercised on the Court Sanction Hearing will not be settled until after the Effective Date, meaning that where Awards are exercised on and from the Court Sanction Hearing, the Shire Shares issued to satisfy such exercises will be transferred to Takeda in accordance with the Shire Articles (if amended) as described above.

Takeda will make (or procure that Shire will make), within 45 Business Days following the date of issue of the relevant Shire Shares, a one-off cash payment to the participants under the UK Sharesave who exercise their Awards on or after the Effective Date, of an amount equal to the amount of income tax that each participant may incur on exercise as a result of the Acquisition, grossed up to reflect tax and social security contributions. The gross payment would be subject to deductions for income tax and employee social security contributions.

12.6 *Shire Irish Employee Stock Purchase Plan 2008 and the Shire Irish Sharesave Plan 2015 (together, the “Irish Sharesave”)*

Awards granted under the Irish Sharesave which would not otherwise have been exercisable prior to the Court Sanction Hearing will (in consequence of the Acquisition and in accordance with participants' contractual rights under the Irish Sharesave) be exercisable to the extent permitted under the Irish Sharesave rules on and from the date of the Court Sanction Hearing and until the expiry of the date falling six months after the date of the Court Sanction Hearing (unless their Award lapses earlier under the rules of the Irish Sharesave). Any Awards exercised on the Court Sanction Hearing will not be settled until after the Effective Date, meaning that where Awards are exercised or settled on and from the Effective Date, the Shire Shares issued to satisfy such exercises will be transferred to Takeda in accordance with the Shire Articles (if amended) as described above.

Takeda will make (or procure that Shire will make), within 45 Business Days following the date of issue of the relevant Shire Shares, to the participants under the Irish Sharesave who exercise their Awards on or after the date of the Court Sanction Hearing, a one-off cash payment of an

amount equal to the amount of income tax that each participant may incur on exercise as a result of the Acquisition, grossed up to reflect tax and social security contributions. The gross payment would be subject to deductions for income tax and employee social security contributions.

12.7 *Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards (the “Baxalta Scheme”)*

Awards granted under the Baxalta Scheme will (in consequence of the Acquisition and in accordance with participants’ contractual rights under the Baxalta Scheme) be cancelled on the date of the Court Sanction Hearing in return for a cash payment of a value equal to the value of the Shire Shares/Shire ADSs underlying such Awards, determined as though all Awards had vested in full and, in the case of options, been exercised immediately at the time of payment. Options that are underwater will be cancelled for no consideration, in accordance with the rules of the Baxalta Scheme.

12.8 *Shire deferred equity award to A. Busch (the “DEA Award”)*

The DEA Award is expected to (in consequence of the Acquisition and in accordance with Mr Busch’s contractual rights under the DEA Award) lapse on the date of the Court Sanction Hearing. To the extent it so lapses, Mr Busch will be granted a transitional cash award by Takeda over a cash amount equal in value to the Shire Shares subject to the DEA Award that lapsed. This award will vest on the same timetable that applied to the original award, save that it may vest earlier in certain leaver circumstances.

13. Shire Directors and the effect of the Scheme on their interests

Details of the interests of the Shire Directors in the share capital of Shire (including Shire ADSs), and awards/stock appreciation rights/options in respect of such share capital, are set out in paragraphs 5.2 and 5.3 of Part VIII (Additional Information) of this document. Shire Shares (including Shire Shares underlying Shire ADSs) held by the Shire Directors are subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Shire Directors are set out in paragraph 7 of Part VIII (Additional Information) of this document. Details of the Executive Director Retention Arrangements are set out in paragraph 6.7 of this Part II, and the treatment of the Shire Directors’ interests under the Shire Share Plans are set out in paragraph 12 of this Part II.

As set out in paragraph 6.7 of this Part II, Dr Flemming Ornskov (CEO of Shire) and Mr Thomas Dittrich (CFO of Shire) will each be entitled to receive a cash payment equivalent to 200 per cent. of their respective annual salaries and target bonuses for the financial year ending December 31, 2018, which, in each case, will be payable, subject to completion of the Acquisition, on the earlier of their ceasing employment, June 30, 2019 and the date falling six months after completion of the Acquisition and provided that the relevant executive is in employment on that payment date (subject to customary exceptions and conditions). The total value of such arrangements is \$9.1 million.

Subject to the relevant approval of Takeda Shareholders, three Shire Directors (Olivier Bohuon, Ian Clark and Steven Gillis) will join the Takeda Board with effect from completion of the Acquisition. It has not yet been determined whether any of the other Shire Directors will have any ongoing role with the Combined Group following completion of the Acquisition, but, in any event, such Shire Directors are not standing for election to the Takeda Board.

Except as referred to above, the effect of the Scheme on the interests of the Shire Directors does not differ from the effect of the Scheme on the interests of any other holder of Shire Shares (other than the Excluded Shares) on the register of members of Shire at the Scheme Record Time.

14. Irrevocable undertakings

Takeda has received irrevocable undertakings from each of the Shire Directors to vote in favour of the Scheme at the Court Meeting and the Special Resolution to be proposed at the Shire General Meeting

in respect of a total of 371,599 Shire Shares (including such Shire Shares underlying Shire ADSs), representing approximately 0.041 per cent. of the issued ordinary share capital of Shire in issue on the Latest Practicable Date.

Shire has received irrevocable undertakings from each of the Takeda Directors, who hold Takeda Shares to vote in favour of the Takeda Resolutions, as referred to in paragraph 8 of Part I (Letter from the Chairman of Shire plc), at the Takeda Extraordinary General Meeting in respect of a total of 185,896 Takeda Shares, representing approximately 0.02 per cent. of the issued ordinary share capital of Takeda on the Takeda Voting Record Date.

Further details of these undertakings, including details of the circumstances in which they will cease to be binding, are set out in paragraph 6 of Part VIII (Additional Information) of this document.

15. Description of the Scheme and the Shire Meetings

15.1 Introduction

The Acquisition is being implemented by way of a Court-sanctioned scheme of arrangement of Shire under Article 125 of the Jersey Companies Law. The provisions of the Scheme are set out in full in Part III (The Scheme of Arrangement) of this document.

The Scheme is a legal process under the Jersey Companies Law, the purpose of which is to enable Takeda to become the owner of the entire issued and to be issued ordinary share capital of Shire (other than the Excluded Shares). In order to achieve this, it is proposed that all such Shire Shares at the Scheme Record Time will be transferred to Takeda, in consideration for which the holders of Shire Shares whose names appear on the register of members of Shire at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive cash consideration and either New Takeda Shares or New Takeda ADSs on the basis set out in paragraph 19 of this Part II.

After the Scheme Record Time, entitlements to Shire Shares held within the CREST system will be suspended. Once the Scheme becomes Effective, share certificates in respect of Shire Shares will cease to be valid and every Shire Shareholder will be bound at the request of Shire to deliver up their share certificate(s) to Shire (or any person appointed by Shire to receive the same) or to destroy the same.

Any Shire Shares issued before the Scheme Record Time (other than any Excluded Shares) will be subject to the terms of the Scheme.

In order for the Scheme to become Effective:

- (a) the Scheme must be approved by a majority in number representing not less than 75 per cent. of the voting rights of Shire Shareholders (other than holders of Excluded Shares) who are on the register of members of Shire at the Voting Record Time and who are present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof);
- (b) the Special Resolution must be approved at the Shire General Meeting by Shire Shareholders representing at least 75 per cent. of the votes cast (either in person or by proxy) at the Shire General Meeting;
- (c) the New Takeda Share Resolution must be duly passed by Takeda Shareholders representing at least two-thirds of the Takeda Shares voted at the Takeda Extraordinary General Meeting (the quorum for which is one-third of the then outstanding voting rights of Takeda);

- (d) all the Conditions to the Acquisition must be satisfied or, where relevant, waived (further details of the Conditions are set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document);
- (e) the Court must sanction the Scheme at the Court Sanction Hearing and issue the Court Order; and
- (f) a copy of the Court Order must be delivered to the Registrar of Companies for registration.

Once the Scheme becomes Effective, it will be binding on all holders of Shire Shares (other than the Excluded Shares) at the Scheme Record Time, including those who did not attend the Shire Meetings or vote to approve the Scheme, or who voted against the Scheme, at the Court Meeting and/or the Special Resolution at the Shire General Meeting.

15.2 *The Shire Meetings*

Before the Court is asked to sanction the Scheme, the Scheme requires the approval of Shire Shareholders entitled to vote at the Court Meeting and the passing of the Special Resolution by Shire Shareholders at the Shire General Meeting.

Notices of the Court Meeting and the Shire General Meeting are set out in Part XII (Notice of Court Meeting) and Part XIII (Notice of Shire General Meeting) of this document, respectively.

The Court Meeting and the Shire General Meeting will be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland.

15.3 *The Court Meeting*

The Court Meeting, which has been convened for 11.15 a.m. (London time) on December 5, 2018, is being held at the direction of the Court to seek the approval of Shire Shareholders entitled to vote for the Scheme.

At the Court Meeting, voting will be by way of poll and each Shire Shareholder present (and entitled to vote), in person or by proxy, will be entitled to one vote for each Shire Share held. In order for the resolution to be passed, it must be approved by a majority in number of Shire Shareholders representing not less than 75 per cent. of the voting rights of Shire Shareholders (other than holders of Excluded Shares) who are on the register of members of Shire at the Voting Record Time and who are present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required (or any adjournment thereof)).

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Shire Shareholder opinion. You are therefore strongly urged to complete, sign and return your Forms of Proxy (or appoint a proxy online or through the CREST electronic proxy appointment service) or ADS Voting Card, or to give voting instructions through your broker or other securities intermediary, as soon as possible.

You will find the Notice of the Court Meeting in Part XII (Notice of Court Meeting) of this document.

15.4 *The Shire General Meeting*

The Shire General Meeting has been convened for 11.30 a.m. (London time) on December 5, 2018, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Special Resolution to:

- (a) authorise the Shire Directors to effect the Scheme;

- (b) approve certain amendments to the Shire Articles to ensure that, subject to the Scheme becoming Effective, any Shire Shares issued to any person (including any participant in the Shire Share Plans) (other than to Takeda, any member of the Takeda Group and/or their respective nominees) on or after the Scheme Record Time will be compulsorily acquired by, or to the order of, Takeda, in consideration for (subject to certain terms and conditions) a cash amount of a value equal to the value of the consideration that Shire Shareholders will be entitled to receive under the Scheme; and
- (c) appoint Shire, or such other person as may be appointed by Shire, conditional upon and with effect from the time and date at which the Scheme is sanctioned by the Court, as the agent of all Shire Shareholders at the Scheme Record Time for the purposes of undertaking any and all matters and procedures necessary or desirable to be undertaken pursuant to Japanese law (including in particular under Articles 203 and 204 of the Japanese Companies Act) in connection with the issue and settlement of the New Takeda Shares pursuant to the Scheme.

The proposed amendments to the Shire Articles referred to above are set out in full in the Notice of the Shire General Meeting in Part XIII (Notice of Shire General Meeting) of this document.

At the Shire General Meeting, voting will be by way of poll and each Shire Shareholder present (in person or by proxy) will be entitled to one vote for each Shire Share held. In order for the Special Resolution to be passed, it must be approved by votes in favour representing at least 75 per cent. of the votes cast either in person or by proxy at the Shire General Meeting.

15.5 ***Entitlement to vote at the Shire Meetings***

Each Shire Shareholder who is entered in Shire's register of members at the Voting Record Time will be entitled to attend and vote at the Court Meeting and the Shire General Meeting. If either Shire Meeting is adjourned, only those Shire Shareholders on the register of members at 6.30 p.m. (London time) on the date falling two calendar days before the time appointed for the adjourned Shire Meeting(s) will be entitled to attend and vote.

Any Shire Shares, or Shire Shares represented by Shire ADSs, which are registered in the name of, or beneficially owned by, Takeda or any member of the Takeda Group or their respective nominees constitute Excluded Shares and are therefore not entitled to be, and will not be, voted or counted at the Court Meeting.

Shire Shareholders are entitled to appoint a proxy to attend, speak and, on a poll, vote instead of him or her in respect of some or all of their Shire Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder.

(a) *Online appointment of proxies*

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 11.15 a.m. (London time) on December 3, 2018 for the Court Meeting and 11.30 a.m. (London time) on December 3, 2018 for the Shire General Meeting (or, in the case of adjournment(s), not later than 48 hours before the time appointed for the adjourned Shire Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if a holder of Shire Shares has not appointed a proxy electronically by such time, then such holder may complete the BLUE Form of Proxy and hand it to a representative of Equiniti, or the Chairman of the Court Meeting, before the start of the Court Meeting.

(b) *Electronic appointment of proxies through CREST*

Shire Shareholders who hold Shire Shares in uncertificated form in CREST and wish to appoint a proxy or proxies for the Shire Meetings (or any adjourned Shire Meeting) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Shire Meetings set out in Part XII (Notice of Court Meeting) and Part XIII (Notice of Shire General Meeting) of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Further information on the action to be taken is set out on pages 5 to 9 (inclusive) of this document.

(c) *Sending Forms of Proxy by post or by hand*

A BLUE Form of Proxy for the Court Meeting and a YELLOW Form of Proxy for the Shire General Meeting accompany this document. To be valid, those Forms of Proxy must be duly completed in accordance with the instructions printed on them and returned, either: (i) by post; or (ii) during normal business hours only, by hand, to Equiniti (Jersey) Limited, c/o Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting	11.15 a.m. (London time) on December 3, 2018
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YELLOW Forms of Proxy for the Shire General Meeting	11.30 a.m. (London time) on December 3, 2018
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or, if in either case the relevant Shire Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours before the time appointed for the adjourned Shire Meeting. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.

Shire Shareholders who wish to appoint more than one proxy in respect of their holding of Shire Shares should contact Equiniti for further Forms of Proxy or photocopy the Forms of Proxy as required.

If the BLUE Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the Shire General Meeting, the YELLOW Form of Proxy must be received by Equiniti by the time mentioned above, or it will be invalid.

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent a Shire Shareholder from attending, speaking and voting in person at either the Court Meeting or the Shire General Meeting, or any adjournment thereof, if they wish and are entitled to do so.

(d) *Attending in person*

The completion and return of a Form of Proxy or the appointment of a proxy or proxies through CREST or www.sharevote.co.uk will not prevent a Shire Shareholder from attending and voting in person at either Shire Meeting or any adjournment thereof, if a Shire Shareholder so wishes and is so entitled. In the event of a poll on which a Shire

Shareholder votes in person, their proxy votes previously lodged with Equiniti, Shire or www.sharevote.co.uk will be excluded.

15.6 ***Sanction of the Scheme by the Court***

Before the Scheme can become Effective, the Court must sanction the Scheme at the Court Sanction Hearing and issue the Court Order. The Court Sanction Hearing will be held at the Royal Court of Jersey, Royal Court Building, St. Helier, Jersey JE1 1BA, Channel Islands. All Shire Shareholders are entitled to attend and be heard at the Court Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme by the Court.

It is expected that the Court Sanction Hearing will take place on January 3, 2019. If the expected date of the Court Sanction Hearing is changed, Shire will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service and will furnish such announcement to the SEC on Form 8-K.

The Scheme will become Effective on delivery of a copy of the Court Order to the Registrar of Companies for registration.

If the Scheme becomes Effective:

- (a) it will be binding on all holders of Shire Shares (other than the Excluded Shares) on the register of members of Shire at the Scheme Record Time irrespective of whether or not they attended the Shire Meetings or voted in favour of, or against, the Scheme at the Court Meeting or the Special Resolution at the Shire General Meeting;
- (b) share certificates in respect of Shire Shares will cease to be valid and every Shire Shareholder shall be bound at the request of Shire to deliver up their share certificate(s) to Shire (or any person appointed by Shire to receive the same) or to destroy the same; and
- (c) entitlements to Shire Shares held within the CREST system will be cancelled.

The Shire Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

If the Scheme does not become Effective on or before the Long Stop Date, it will lapse and the Acquisition will not proceed (unless the Panel (and, if applicable, the Court) otherwise consents).

The Scheme is governed by Jersey law and is subject to the jurisdiction of the Court. The Scheme is subject to the applicable requirements of the Takeover Code, the Listing Rules, the Panel, the London Stock Exchange, the FCA, the UKLA and the Registrar of Companies.

15.7 ***Modifications to the Scheme***

The Scheme contains a provision for Shire and Takeda to consent jointly on behalf of all persons concerned, to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court.

The Court would be unlikely to approve any modification of, or addition to, or impose a condition on, the Scheme which might be material to the interests of Shire Shareholders unless Shire Shareholders were informed of such modification, addition or condition and given the opportunity to vote on that basis. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Shire Shareholders (and any separate class meeting(s)) should be held in these circumstances.

15.8 ***Fractional entitlements***

Fractions of New Takeda Shares and New Takeda ADSs will not be allotted or issued to Shire Shareholders. The maximum whole number of New Takeda Shares resulting from the aggregation of the fractional entitlements to New Takeda Shares of Shire Shareholders at the Scheme Record Time and the maximum whole number of New Takeda Shares which represent the aggregate of the fractional entitlements to New Takeda ADSs of Shire Shareholders at the Scheme Record Time (the “**Fractional Shares**”) will instead be aggregated, allotted and issued on behalf of the relevant Shire Shareholders on bare trust to the Representative, and sold in the market pursuant to the Sales Policy as soon as practicable after the Effective Date. The net proceeds of sale (after the deductions specified in the Sales Policy) will be paid in due proportion to the Shire Shareholders entitled to them in the same currency as the cash portion of the Consideration which was payable to such Shire Shareholders pursuant to the Scheme (save that if a Shire Shareholder has made a valid Currency Election to receive some of the cash portion of the Consideration which is payable to them in pounds Sterling, any amounts paid in respect of fractional entitlements to such Shire Shareholder shall be paid in pounds Sterling).

15.9 ***Shire ADS Holders***

Shire ADS Holders can direct the voting of the Shire Shares represented by their Shire ADSs that are held by the Shire Depositary or by cancelling their Shire ADSs so as to become a Shire Shareholder.

Full details are as described in Part X (Further information for Shire ADS Holders) of this document and further information on the action to be taken is set out on pages 5 to 9 (inclusive) of this document.

15.10 ***Alternative means of implementing the Acquisition***

Takeda reserves the right (subject to the Panel’s consent and to the terms of the Co-operation Agreement) to elect to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of Shire not already held by Takeda as an alternative to the Scheme. In such an event, a Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme and subject to the appropriate amendments referred to in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document.

If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional in all respects and sufficient acceptances are received, Takeda intends to:

- (i) request that the London Stock Exchange and the UKLA cancel trading in Shire Shares on the London Stock Exchange’s Main Market and the listing of the Shire Shares from the Official List;
- (ii) terminate Shire’s ADS programme and make an application to delist the Shire ADSs from NASDAQ and terminate the registration of the Shire ADSs with the SEC; and
- (iii) exercise its rights to apply the provisions of Part 18 of the Jersey Companies Law to acquire compulsorily any outstanding Shire Shares to which such Takeover Offer relates.

16. **Regulatory approvals and other Conditions**

The Acquisition is subject to the Conditions and certain further terms as set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document, including, among other things:

- (a) the receipt of antitrust clearances in the EU, United States, China, Japan, Brazil and in other relevant jurisdictions;
- (b) the Shire Meetings being held no later than December 27, 2018 (or such later date as may, with the consent of the Panel, be agreed between Takeda and Shire and the Court may allow);

- (c) approval of the Scheme by a majority in number representing not less than 75 per cent. of the voting rights of Shire Shareholders (other than holders of Excluded Shares) who are on the register of members of Shire at the Voting Record Time and who are present and voting (and entitled to vote), whether in person or by proxy, at the Court Meeting, and at any separate class meeting which may be required (or any adjournment thereof);
- (d) the Special Resolution being approved at the Shire General Meeting by Shire Shareholders representing at least 75 per cent. of the votes cast (either in person or by proxy) at the Shire General Meeting;
- (e) the New Takeda Share Resolution being duly passed by Takeda Shareholders representing at least two-thirds of the Takeda Shares voted at the Takeda Extraordinary General Meeting (the quorum for which is one-third of the then outstanding voting rights of Takeda);
- (f) Takeda having submitted an application for listing of the New Takeda Shares to the Tokyo Stock Exchange and the Local Japanese Stock Exchanges by no later than three weeks before the Effective Date and no objection having been received from the Tokyo Stock Exchange or the Local Japanese Stock Exchanges in relation thereto (or, if received, no such objection remaining outstanding);
- (g) Takeda receiving confirmation that the relevant listing application regarding the New Takeda ADSs has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange;
- (h) the Scheme being sanctioned by the Court (with or without modification, but subject to any modification being on terms acceptable to Shire and Takeda); and
- (i) the Scheme becoming Effective by the Long Stop Date.

16.1 **Regulatory Conditions**

As at the Latest Practicable Date, relevant clearances have been received from (among others) the competition authorities in the United States, China, Japan and Brazil. Accordingly, all Regulatory Conditions set out in paragraphs 4(d)-(g) in Part A of Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document have been satisfied.

In relation to the Regulatory Condition set out in paragraph 4(c) in Part A of Part IV of this document, Takeda and Shire have held discussions with the European Commission in relation to the future potential overlap in the area of inflammatory bowel disease between Takeda's marketed product Entyvio (vedolizumab) and Shire's pipeline compound SHP647, which is currently in Phase III clinical trials. As a result of those discussions, Takeda has offered commitments to divest SHP647 and certain associated rights, with a view to the European Commission granting a Phase I conditional clearance for the Acquisition and not initiating proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004.

The European Commission will issue its decision in relation to the Acquisition on or before November 20, 2018 and an announcement containing the substance of that decision will be made in due course by Shire and Takeda through a Regulatory Information Service (with such announcement being made available on Shire's and Takeda's websites at www.shire.com and www.takeda.com respectively).

Neither the Takeda Board nor the Shire Board considers SHP647 and the relevant associated rights to be material to the business, operations or prospects of the Combined Group (taken as a whole).

If the European Commission's decision were to result in a delay to the expected timetable of principal events set out on pages 1 to 3 of this document, it is intended that the Effective Date would be as soon as practicable after January 8, 2019. If it becomes necessary to change any

of the dates and/or times in the expected timetable, the revised dates and/or times will be notified to Shire Shareholders and Shire ADS Holders by announcement through a Regulatory Information Service, which Shire will furnish to the SEC on Form 8-K.

16.2 **Other Conditions**

The Acquisition remains subject to the other Conditions and certain further terms as set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document.

The Conditions relating to the approval of the Scheme by the Shire Shareholders entitled to vote at the Court Meeting, the passing of the Special Resolution at the Shire General Meeting, the sanction of the Scheme by the Court, the delivery of the Court Order to the Registrar of Companies for registration, the passing of the New Takeda Share Resolution at the Takeda Extraordinary General Meeting and the submission by Takeda of an application for listing of the New Takeda Shares to the Tokyo Stock Exchange and the Local Japanese Stock Exchanges and no objection having been received (or, if received, remaining outstanding), are not capable of being waived in whole or in part.

16.3 **Break fee**

Under the terms of the Co-operation Agreement (further details of which are set out in paragraph 9.1 of Part VIII (Additional Information) of this document), Takeda has agreed to a “reasonable endeavours” commitment to secure the regulatory clearances and authorisations necessary to satisfy the Regulatory Conditions (including those Regulatory Conditions that, as at the Latest Practicable Date, remain outstanding). Takeda has also agreed to pay a regulatory break fee to Shire in certain circumstances, including in the event that (at or before termination of the Co-operation Agreement): (i) on or before the Long Stop Date, Takeda invokes (and is permitted by the Panel to invoke) any Regulatory Condition so as to cause the Acquisition to lapse, to be withdrawn or not to proceed; (ii) a Regulatory Condition has not been satisfied or waived by Takeda at 11.59 p.m. (London time) on the Long Stop Date resulting in the Acquisition lapsing, terminating or being withdrawn; or (iii) the European Commission initiates a Phase 2 review under the EU Merger Regulation or a similar event has occurred in a Member State of the EU (subject to certain exceptions) on or before the Long Stop Date.

17. **Takeda Shareholder Approval**

17.1 **New Takeda Share Resolution**

As described in paragraph 16 of this Part II, the Scheme is conditional on, among other things, Takeda Shareholders passing the New Takeda Share Resolution (which relates to the grant of authority to issue and allot the New Takeda Shares) at the Takeda Extraordinary General Meeting which has been convened for 10.00 a.m. (Tokyo time) on December 5, 2018 at INTEX Osaka, Hall 6B Zone, Osaka, Japan.

The authority to allot the New Takeda Shares is sufficient to allow Takeda to allot and issue the requisite number of New Takeda Shares to each of the holders of Shire Shares (other than Excluded Shares) at the Scheme Record Time in their relevant proportion pro rata to their entitlement under the Scheme.

The quorum for the Takeda Extraordinary General Meeting is one-third of the total voting rights attributable to Takeda’s issued share capital, and the New Takeda Share Resolution must be approved by Takeda Shareholders representing at least two-thirds of the Takeda Shares voted at the Takeda Extraordinary General Meeting.

If the New Takeda Share Resolution is passed, the authority to issue and allot the New Takeda Shares will expire on the first anniversary of the date of the Takeda Extraordinary General Meeting. If the New Takeda Share Resolution is not passed, the Scheme will not proceed.

17.2 **Takeda Director Appointment Resolutions**

Under the terms of the Co-operation Agreement, Takeda has agreed to ensure that the agenda for the Takeda Extraordinary General Meeting includes the approval of the shareholder resolutions required to appoint Olivier Bohuon, Ian Clark and Steven Gillis (such persons having been nominated by Shire and who currently are, and, as at the date of the Co-operation Agreement, were, Shire Directors) to the Takeda Board conditional upon, and with effect from, the Effective Date.

17.3 **Takeda Board recommendation**

The Takeda Board has resolved unanimously to recommend that Takeda Shareholders vote in favour of the Takeda Resolutions, as those Takeda Directors who hold Takeda Shares have irrevocably undertaken to do in respect of their entire beneficial holdings of, in aggregate, 185,896 Takeda Shares, representing approximately 0.02 per cent. of Takeda's issued share capital on the Takeda Voting Record Date.

Under the terms of the Co-operation Agreement (further details of which are set out in paragraph 9.1 of Part VIII (Additional Information) of this document), Takeda has agreed to pay a break fee to Shire in certain circumstances, including in the event that the Takeda Board withdraws or adversely modifies, adversely qualifies or fails to provide, or fails to reaffirm or reissue a statement of intention to make (when reasonably requested by Shire to do so) its recommendation that the Takeda Shareholders vote in favour of the New Takeda Share Resolution or the New Takeda Share Resolution is not passed at the Takeda Extraordinary General Meeting, and either Takeda or Shire serves notice to terminate the Co-operation Agreement.

18. **New Takeda Securities**

If the Scheme becomes Effective, Shire Shareholders on the register of members of Shire at the Scheme Record Time will receive \$30.33 in cash and either 0.839 New Takeda Shares or, subject to a valid ADS Election being made, 1.678 New Takeda ADSs in accordance with the terms of the Scheme for each Shire Share held.

Takeda is a Japanese company which is listed on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. The New Takeda Shares will be listed only in Japan on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges and the New Takeda ADSs will be listed only in the United States on the New York Stock Exchange. Neither the New Takeda Shares nor the New Takeda ADSs will be listed on any stock exchange in the United Kingdom.

The New Takeda Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Takeda Shares in issue at the time the New Takeda Shares are issued pursuant to the Scheme, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Takeda, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date, and to the right to participate in the assets of Takeda upon a winding up of Takeda. The New Takeda Shares will only be capable of being held in uncertificated form. Please refer to paragraph 5 of Part V (Takeda Securities) of this document for further detail on the foregoing matters.

The New Takeda Shares will be issued free from all liens, charges, encumbrances and other third-party rights and/or interests of any nature whatsoever.

The New Takeda ADSs will be issued subject to, and on the terms of, the Takeda Deposit Agreement. A summary of the principal terms of the Takeda Deposit Agreement is set out in paragraph 5 of Part V (Takeda Securities) of this document.

The CDIs representing New Takeda ADSs reflect the economic rights attached to the New Takeda ADSs. However, the holders of CDIs representing New Takeda ADSs will not be the holders of those New Takeda ADSs, and the CDIs representing New Takeda ADSs will not carry any voting

rights in Takeda. The terms on which CDIs (such as the CDIs representing New Takeda ADSs) are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear. Further details are set out in paragraph 19.3(c)(ii) in this Part II.

Furthermore, the holders of CDIs representing New Takeda ADSs may not be able to claim either: (i) a reduction, pursuant to a double taxation convention, of the rate of 15.315 per cent. at which it is expected that tax will be withheld under Japanese law from dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda in respect of New Takeda Shares underlying New Takeda ADSs represented by CDIs; or (ii) a refund of such tax withheld in excess of the rate provided for in a double taxation convention. If holders of CDIs representing New Takeda ADSs intend to claim the benefit of any applicable double taxation convention, they may wish to cancel their CDIs as soon as practicable after the Effective Date so as to receive the underlying New Takeda ADSs. Your attention is drawn to paragraph 3.2(a) of Part VII (Taxation) of this document, which contains certain general comments on the Japanese tax treatment of dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda.

19. Settlement of the New Takeda Securities

19.1 Background to settlement of listed Japanese shares

The Takeda Shares are (and the New Takeda Shares, once allotted, issued and admitted, will be) listed and traded on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. Pursuant to the Japanese book-entry system and the Act on Book-Entry of Company Bonds, Shares, etc. of Japan (the “**Book-Entry Act**”), all shares of Japanese listed companies, including those of Takeda, are dematerialised and all transfers of such shares are effected through an entry in the record maintained by Japan Securities Depository Center, Inc. (“**JASDEC**”), which is Japan’s central securities depository and the only institution designated as a clearing house under the Book-Entry Act.

In order to hold and trade listed Japanese shares, investors must either have an account with JASDEC or, failing that, an account with an account management institution (“**AMI**”) that has been admitted to JASDEC pursuant to the Book-Entry Act. AMIs are financial instruments business operators (i.e., securities firms), banks, trust companies and certain other financial institutions that meet the requirements prescribed by the Book-Entry Act.

Transfers (and allotments) of Takeda Shares are effected exclusively through entry in the records maintained by JASDEC and the AMIs. Title to Takeda Shares passes to the transferee (or allottee) at the time at which the transfer (or allotment) is recorded in the transferee’s (or allottee’s) account at JASDEC or with an AMI.

In addition, for practical reasons relating to the use of shareholder registry administrators as required by Japanese stock exchanges, the articles of incorporation and share handling rules of Japanese listed companies provide that any shareholders not resident in Japan are required to appoint a standing proxy in Japan or to provide a mailing address in Japan. Accordingly, in order for Shire Shareholders not resident in Japan to elect to receive New Takeda Shares pursuant to the Scheme in their own direct accounts with JASDEC or an account with an AMI, they are required to appoint a standing proxy in Japan or to provide a mailing address in Japan.

19.2 Japanese procedural requirements before settlement

Takeda and Shire intend that the Effective Date and the effective date of the issue of the New Takeda Shares under Japanese law shall occur on the same day. However, following the Scheme Record Time and before the issue of the New Takeda Shares can become effective under Japanese law, certain procedural requirements must be complied with. In particular:

- (a) as soon as practicable following the Scheme Record Time, Takeda shall determine the offering terms for issue of the New Takeda Shares and issue a notice to the Agent (on behalf of the Shire Shareholders at the Scheme Record Time) setting out (among other

things) the total number of New Takeda Shares to be issued in consideration for the transfer of the Shire Shares pursuant to the Scheme;

- (b) following receipt of such notice, the Agent (on behalf of the Shire Shareholders at the Scheme Record Time) shall deliver a subscription form to Takeda setting out (among other things) the details of the Settlement Account to which the New Takeda Shares shall initially be issued and allotted (as further described in paragraph 19.3 of this Part II below); and
- (c) following receipt of such subscription form (but at least one calendar day before the effective date of the issue of the New Takeda Shares under Japanese law), Takeda shall deliver an allotment notice to the Agent (on behalf of the Shire Shareholders at the Scheme Record Time) setting out the number of New Takeda Shares to be allotted to the Settlement Account (on behalf of Shire Shareholders at the Scheme Record Time).

It is expected that each of the foregoing notifications shall be made on the same calendar day (currently expected to be January 7, 2019) and that the Effective Date, and the effective date of the issue of the New Takeda Shares under Japanese law, shall occur on the first calendar day after the making of such notifications (currently expected to be January 8, 2019).

19.3 **Settlement procedure**

The New Takeda Securities will be available for settlement within 14 calendar days of the Effective Date in accordance with Rule 31.8 of the Takeover Code.

As soon as practicable following the Scheme Effective Time, the total number of New Takeda Shares to be allotted and issued in consideration for the transfer of the Shire Shares pursuant to the Scheme (including the Fractional Shares) will be recorded to the Settlement Account.

Settlement of the New Takeda Securities will then take place in one of five ways, according to the Securities Election(s) made by each Shire Shareholder.

(a) *Receipt of New Takeda Shares into own JASDEC Account – JASDEC Election*

Shire Shareholders who have:

- (i) a direct account with JASDEC or an account with an AMI (each a “**JASDEC Account**”); and
- (ii) a standing proxy or mailing address in Japan (or who are resident in Japan),

may choose to make a JASDEC Election in respect of some or all of their Shire Shares held at the Scheme Record Time.

The New Takeda Shares which such Shire Shareholders are entitled to receive as consideration for the Shire Shares in respect of which they have made a valid JASDEC Election will be delivered from the Settlement Account to the designated JASDEC Account as soon as practicable following receipt of the New Takeda Shares into the Settlement Account and in any event by no later than the date which is 14 calendar days after the Effective Date.

Shire Shareholders who make a JASDEC Election to deliver their New Takeda Shares into an account with an AMI should contact their AMI to confirm any necessary steps in order for the AMI to record the delivery of the New Takeda Shares from the Settlement Account.

Takeda shall not be responsible for any delay in delivery of New Takeda Shares caused by the failure of an AMI to record delivery of any New Takeda Shares.

(b) *Receipt of New Takeda Shares through the Corporate Nominee Facility – Corporate Nominee Election*

Shire Shareholders who have a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time may choose to make a Corporate Nominee Election in respect of some or all of their Shire Shares held as at the Scheme Record Time.

Shire Shareholders must provide applicable Customer Identification and Verification documents (as set out in the notes which accompany the Forms of Election) when returning their Form of Election to make a valid Corporate Nominee Election.

Each Shire Shareholder who makes a valid Corporate Nominee Election will, by doing so, be acknowledging and agreeing to the Corporate Nominee Facility Terms and Conditions as set out in Appendix II (Corporate Nominee Facility Terms and Conditions) to this document and, accordingly, will have a sub-account opened in their name with the Fiduciary (each being a Personal Sub-Account) as soon as practicable following receipt of the New Takeda Shares into the Settlement Account and in any event within 14 calendar days after the Effective Date. A statement of entitlement detailing the number of New Takeda Shares held by each participating Shire Shareholder will be posted to that Shire Shareholder within such 14-day period.

In order to comply with the Corporate Nominee Facility Terms and Conditions, Shire Shareholders must maintain a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar for the entire period that their New Takeda Shares are held through the Corporate Nominee Facility. In the event that the United Kingdom secedes from the EEA (either pursuant to ongoing negotiations for the United Kingdom to secede from the EU or otherwise), then Shire Shareholders who have a registered address in the United Kingdom may no longer satisfy the above requirement and the Fiduciary may be forced to sell, in accordance with the Corporate Nominee Facility Terms and Conditions, the New Takeda Shares which the Fiduciary holds on behalf of such Shire Shareholders through the Corporate Nominee Facility.

Further details regarding the Corporate Nominee Facility and the Corporate Nominee Facility Terms and Conditions are set out in paragraph 21 of this Part II and Appendix II (Corporate Nominee Facility Terms and Conditions) to this document. A copy of the Corporate Nominee Facility Terms and Conditions is included at Appendix II (Corporate Nominee Facility Terms and Conditions) to this document.

(c) *Receipt of New Takeda ADSs – ADS Election*

Shire Shareholders who wish to receive New Takeda ADSs in respect of some or all of their Shire Shares held as at the Scheme Record Time may choose to make an ADS Election. Each New Takeda ADS will represent 0.5 New Takeda Shares.

An ADS Election can be made by Shire Shareholders whether they hold their Shire Shares in certificated form or uncertificated form (that is, in CREST). However, Shire Shareholders who hold their Shire Shares in certificated form and who make an ADS Election will only be able to receive New Takeda ADSs (through DTC or directly through the direct registration system), whereas Shire Shareholders who hold their Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may elect to receive either: (i) New Takeda ADSs (through DTC or the direct registration system); or (ii) CDIs representing New Takeda ADSs. The differences between these options are summarised below.

(i) Receipt of New Takeda ADSs

The New Takeda Shares underlying the New Takeda ADSs which such Shire Shareholders are entitled to receive as consideration for the Shire Shares in respect

of which they have made a valid ADS Election will be delivered from the Settlement Account to the Takeda Depository's JASDEC Account as soon as practicable following receipt of the New Takeda Shares into the Settlement Account.

The Takeda Depository will in turn deliver New Takeda ADSs to the relevant Shire Shareholders through DTC if DTC delivery details have been provided and otherwise will register the New Takeda ADSs in such Shire Shareholder's name, in which case the Takeda Depository shall issue and mail a DRS statement, in each case as soon as practicable following receipt of the underlying New Takeda Shares into the Takeda Depository's JASDEC Account, but in any event no later than 14 calendar days after the Effective Date. If insufficient DTC delivery details have been provided such that the delivery cannot be completed within 30 calendar days of the Effective Date, the Takeda Depository shall instead issue and mail a DRS statement to the relevant Shire Shareholder as soon as practicable following the end of such 30-calendar day period.

Shire Shareholders who make an ADS Election to deliver their New Takeda ADSs to their broker or other securities intermediary in DTC should contact their broker or other securities intermediary to request that it, or the DTC participant through which it clears, inputs valid instructions to receive delivery of the New Takeda ADSs free of payment from the Takeda Depository's DTC participant account (account number 2504).

Neither Takeda nor the Takeda Depository shall be responsible for any delay in the delivery of New Takeda ADSs due to: (i) in respect of an ADS Election to receive New Takeda ADSs through DTC, the provision of incomplete or incorrect DTC delivery details by a Shire Shareholder or any failure by a DTC participant to input valid instructions to receive delivery of the New Takeda ADSs free of payment; and (ii) in respect of an ADS Election to receive New Takeda ADSs through the direct registration system, the provision of insufficient personal information by a Shire Shareholder to enable the Takeda Depository to register that Shire Shareholder's entitlement to New Takeda ADSs through the direct registration system.

The New Takeda ADSs will be governed by the terms of the Takeda Deposit Agreement.

(ii) Receipt of CDIs representing New Takeda ADSs

Under the CREST International Settlement Links Service, CREST Depository Limited, a subsidiary of Euroclear, issues dematerialised depository interests representing entitlements to non-UK securities (such as the New Takeda ADSs) called CDIs. CDIs may be held, transferred and settled exclusively through CREST.

For those Shire Shareholders who hold Shire Shares in uncertificated form and who have made a valid ADS Election by making a TTE Instruction to receive CDIs representing New Takeda ADSs, the New Takeda ADSs to which such Shire Shareholders will be entitled under the Scheme will be delivered, held and settled in CREST by means of the CREST International Settlement Links Service, and, in particular, CREST's established link with DTC, the US settlement and clearance system. This link operates via the services of CREST International Nominees Limited, which is a participant in DTC.

The terms on which CDIs (such as the CDIs representing New Takeda ADSs) are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear. On settlement, the relevant New Takeda Shares will be transferred from the Settlement Account to the Takeda Depository's JASDEC Account. The Takeda Depository will, in turn, effect the credit of New Takeda ADSs

through DTC to the securities deposit account of CREST International Nominees Limited, as nominee for CREST Depository Limited. CREST Depository Limited will then issue the CDIs representing New Takeda ADSs through CREST to Equiniti for delivery to the securities deposit account in CREST in which each relevant Shire Shareholder who made the valid TTE Instruction previously held Shire Shares. In accordance with the CREST Terms and Conditions, a custody fee, as determined by CREST from time to time, will be charged at the user level for the use of the CDIs representing New Takeda ADSs.

The registered holder of the New Takeda ADSs underlying such CDIs will be Cede & Co, a nominee of DTC. The custodian of the New Takeda ADSs underlying such CDIs will be CREST International Nominees Limited, who will hold them through the DTC system as nominee for CREST Depository Limited. CREST Depository Limited will hold those New Takeda ADSs on trust (as bare trustee under English law) for the Shire Shareholders who hold Shire Shares in uncertificated form to whom it will issue the CDIs representing New Takeda ADSs.

The CDIs representing New Takeda ADSs reflect the economic rights attached to the New Takeda ADSs. However, while the holders of CDIs representing New Takeda ADSs will have an interest in the underlying New Takeda ADSs, they will not be the holders of those New Takeda ADSs.

The CDIs representing New Takeda ADSs will not carry any voting rights in Takeda (unless and to the extent such CDIs are cancelled such that the Takeda ADSs are held through DTC by settling a cross-border delivery transaction in respect of the underlying New Takeda ADSs through CREST to a DTC participant). Holders of CDIs representing Takeda ADSs will otherwise be treated in the same manner as if they were registered holders of New Takeda ADSs, in each case in accordance with applicable law and, so far as is possible, in accordance with CREST arrangements. The Takeda Depository has entered into arrangements with Equiniti as receiving agent pursuant to which Euroclear will be instructed to credit the appropriate stock account in CREST of the relevant Shire Shareholder with such relevant Shire Shareholder's entitlement to CDIs representing New Takeda ADSs as soon as practicable after the Effective Date and in any event within 14 days thereof.

Holders of CDIs representing New Takeda ADSs may not be able to apply for a reduction, pursuant to a double taxation convention, of the rate at which tax is withheld under Japanese law from dividends paid by Takeda (see further paragraph 3.2(a)(iii) of Part VII (Taxation) and paragraph 3.4 of Appendix 1 (Risk Factors)). It is recommended that, as soon as practicable after the Effective Date, holders of CDIs representing New Takeda ADSs cancel their CDIs, so as to receive the underlying New Takeda ADSs if they intend to claim the benefit of any applicable double taxation convention (see further paragraph 3.2(a)(ii) of Part VII (Taxation)).

Holders of CDIs representing New Takeda ADSs will be able to cancel such CDIs by settling a cross-border delivery transaction in respect of the underlying New Takeda ADSs through CREST to a DTC participant, in accordance with the rules and practices of CREST and DTC.

- (d) *Sale of New Takeda Shares through the Dealing Facility – Dealing Facility Election*
Shire Shareholders who hold 200 or fewer Shire Shares in certificated form as at the Scheme Record Time and who have a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time may elect to have all of the New Takeda Shares which they are entitled to receive pursuant to the Scheme sold

on their behalf under the Dealing Facility and to have the net proceeds of sale remitted to them in pounds Sterling, by making a Dealing Facility Election.

Each Shire Shareholder who makes a valid Dealing Facility Election will, by doing so, be acknowledging and agreeing to the Dealing Facility Terms and Conditions as despatched to those Shire Shareholders considered likely to be eligible to make an Election for the Dealing Facility together with this document. A copy of the Dealing Facility Terms and Conditions is also available on the Takeda and Shire websites at www.takeda.com and www.shire.com, respectively. Shire Shareholders who consider themselves eligible to make a Dealing Facility Election, but who have not received a Form of Election which includes the option to make a Dealing Facility Election and/or the Dealing Facility Terms and Conditions should contact the Shareholder Helpline.

Subject to a valid Dealing Facility Election having been made, the New Takeda Shares which such Shire Shareholders are entitled to receive as consideration for their Shire Shares will be sold in accordance with the Dealing Facility Terms and Conditions and the Sales Policy, and the net proceeds of sale converted into pounds Sterling and after the deductions specified in the Sales Policy) will be paid to the relevant Shire Shareholders.

Further details on the Sales Policy is contained in paragraph 22 of this Part II.

(e) *Shire Shareholders who do not make a valid Securities Election*

In the case of Shire Shareholders who have made (or are deemed to have made) an invalid Securities Election, or have failed to make any Securities Election at all, in respect of some or all of their Shire Shares at the Scheme Record Time by the Election Return Time or TTE Instruction Return Time (as applicable), the New Takeda Shares which such Shire Shareholders are entitled to receive as the non-cash portion of the Consideration for the relevant Shire Shares will continue to be held in the Settlement Account and will be automatically recorded to a sub-account opened with the Fiduciary in the name of the Representative (the “**No Action Sub-Account**”) who shall hold the relevant New Takeda Shares as a bare trustee for the relevant Shire Shareholders.

If a Shire Shareholder completes and submits a valid Securities Election after the Election Return Time or TTE Instruction Return Time (as applicable), but before the date falling three months after the Effective Date, the Representative will procure that such action is taken so that the relevant New Takeda Shares will, as soon as reasonably practicable after receipt of the Securities Election, be transferred to the designated JASDEC Account or the Takeda Depositary’s JASDEC Account, recorded to the relevant Personal Sub-Account or sold through the Dealing Facility, as the case may be.

The Representative will procure that any New Takeda Shares which remain in the No Action Sub-Account on the date falling three months after the Effective Date (and in respect of which no valid Securities Election has been received) will be sold in the market in accordance with the Sales Policy and the net proceeds of sale (after the deductions specified in the Sales Policy) will be paid to the relevant Shire Shareholders in: (i) pounds Sterling, in the case of Shire Shareholders who held their Shire Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time; and (ii) US Dollars, in the case of all other Shire Shareholders. Any such net proceeds payable to Shire Shareholders shall be paid: (a) to the extent that a Shire Shareholder has instructed and set up a standing electronic payment mandate with the Shire Registrar for the purpose of receiving dividend payments from Shire in pounds Sterling and has made (or is deemed to have been made) a valid Currency Election to receive the cash portion of their Consideration in pounds Sterling, by way of an electronic BACs transfer to such account as indicated in such standard electronic payment mandate; and (b) in all other cases, by cheque drawn on a branch of a UK clearing bank.

Further details regarding the terms of the Sales Policy are set out in paragraph 22 of this Part II.

For so long as any New Takeda Shares are held through the No Action Sub-Account, it will not be possible to exercise voting rights in respect of such New Takeda Shares. Such New Takeda Shares will, however, carry the right to receive any dividends, distributions or other returns of capital announced, declared, made or paid by Takeda by reference to a record date falling after the Effective Date but before the date on which such New Takeda Shares are either: (i) transferred out of the No Action Sub-Account or sold through the Dealing Facility pursuant to a valid Securities Election; or (ii) sold in the market pursuant to the Sales Policy. Takeda will procure that any such dividends, distributions or other returns of capital announced received by the Fiduciary on behalf of the Representative acting as bare trustee for the relevant Shire Shareholders (including, if applicable, any dividends, distributions or other returns of capital announced received after the relevant New Takeda Shares have been sold where the relevant dividend, distribution or other return of capital announced was declared, made or paid by reference to a record date falling after the Effective Date, but before the date of sale) will be paid as soon as practicable after receipt to the relevant underlying Shire Shareholders in: (i) pounds Sterling, in the case of Shire Shareholders who held their Shire Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time; and (ii) US Dollars, in the case of all other Shire Shareholders, in each case converted at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate prior to the date of payment and net of any applicable customary transaction and dealing costs associated with the conversion. Shire Shareholders should note that Japanese withholding tax at a standard rate of 15.315 per cent. will be applied to any dividends (or other distributions deemed to be dividends for Japanese tax purposes) prior to their payment to the Fiduciary. Shire Shareholders should note that, to the extent that Shire Shareholders hold their New Takeda Shares through the No Action Sub-Account, it is expected that Shire Shareholders who are entitled to the benefit of a double taxation convention would face significant practical difficulties if they were to try and apply for a refund of any tax withheld in excess of the applicable treaty rate. Takeda's usual practice is to determine a dividend record date of March 31, with payment of the dividend taking place in June.

19.4 ***Fractional Shares***

Fractions of New Takeda Shares and New Takeda ADSs will not be allotted or issued to Shire Shareholders. Fractional Shares (being the maximum whole number of New Takeda Shares resulting from the aggregation of fractional entitlements to New Takeda Shares of Shire Shareholders at the Scheme Record Time and the maximum whole number of New Takeda Shares which represent the aggregate of fractional entitlements to New Takeda ADSs of Shire Shareholders at the Scheme Record Time) will instead be aggregated, allotted and issued on behalf of the relevant Shire Shareholders on bare trust to the Representative, and sold in the market pursuant to the Sales Policy as soon as practicable after the Effective Date. The net proceeds of sale (after the deductions specified in the Sales Policy) will be paid in due proportion to the Shire Shareholders entitled to them in the same currency as the cash portion of the Consideration which was payable to such Shire Shareholders pursuant to the Scheme (save that if a Shire Shareholder has made a valid Currency Election to receive some of the cash portion of the Consideration which is payable to them in pounds Sterling, any amounts paid in respect of fractional entitlements to such Shire Shareholder shall be paid in pounds Sterling).

Further details regarding the terms of the Sales Policy are set out in paragraph 22 of this Part II.

19.5 *Effect of the unit share system*

(a) *Overview*

Takeda follows the “unit share system” under the Japanese Companies Act (which is mandatory for companies whose shares are listed on the Tokyo Stock Exchange), whereby Takeda Shareholders have one voting right for each “unit” of shares held by them and shares constituting less than a full unit carry no voting rights. The Takeda Articles provide that 100 Takeda Shares constitute one unit. In addition, pursuant to Rule 15 of the Business Regulations of the Tokyo Stock Exchange, shares constituting less than one unit are not deemed to comprise a trading unit except in limited circumstances and, accordingly, may not be sold on the Tokyo Stock Exchange. Equivalent rules apply to the Local Japanese Stock Exchanges on which the Takeda Shares are listed.

(b) *Elections and sales under the Scheme*

Shire Shareholders whose Shire Shares would, pursuant to the terms of the Scheme, entitle them to a number of New Takeda Shares which includes less than one full unit for the purposes of the Takeda Articles (i.e., to anything other than a round number of New Takeda Shares divisible by 100) will still be entitled to make an Election in respect of the Shire Shares which correspond to such partial unit of New Takeda Shares, in the same manner as any other Shire Shareholder. The partial unit of New Takeda Shares will be settled in accordance with the relevant Election(s) made and the relevant procedure(s) described in paragraph 19.3 of this Part II.

To the extent that the total number of: (i) Fractional Shares; (ii) New Takeda Shares to be sold pursuant to the Dealing Facility; and/or (iii) New Takeda Shares in the No Action Sub-Account which are to be sold at the end of the period of three months after the Effective Date, in each case includes less than a full unit of New Takeda Shares, the Fiduciary will put in place arrangements to enable each partial unit to be sold at the closing price of Takeda Shares on the Tokyo Stock Exchange on the relevant trade date, as set out in the Sales Policy.

Further details regarding the terms of the Sales Policy are set out in paragraph 22 of this Part II.

(c) *Shire Shareholders who have made a JASDEC Election*

Following settlement, Shire Shareholders who have made a valid JASDEC Election will at any time be able to request through JASDEC or an AMI that Takeda purchases their partial unit of New Takeda Shares, in accordance with the Japanese Companies Act, the Takeda Articles and Takeda’s share handling regulations: (i) at the closing price of Takeda Shares on the Tokyo Stock Exchange (or relevant Local Japanese Stock Exchange) on the day on which the relevant request is received by Takeda’s shareholder register administrator; or (ii) if no trading takes place on the Tokyo Stock Exchange (or relevant Local Japanese Stock Exchange) on that day, the price of the first trade entered into thereafter.

In addition, Shire Shareholders who hold their New Takeda Shares through a designated JASDEC Account will be entitled to require Takeda to sell to them such number of additional New Takeda Shares as is necessary to enable their holding of New Takeda Shares to constitute one whole unit for the purposes of the Japanese Companies Act, the Takeda Articles and Takeda’s share handling regulations, provided always that Takeda has sufficient shares in treasury to accommodate such a request.

(d) *Shire Shareholders who have made a Corporate Nominee Election*

Shire Shareholders who hold their New Takeda Shares through the Corporate Nominee Facility will be able to provide voting instructions in respect of any partial unit of New

Takeda Shares to the Fiduciary. The Fiduciary will be able to aggregate voting instructions received to enable the maximum number of votes to be exercised.

In addition, to the extent that any Shire Shareholder who holds New Takeda Shares through the Corporate Nominee Facility wishes to sell such New Takeda Shares, and if such New Takeda Shares include less than a full unit, the Fiduciary will put in place arrangements to enable such partial unit to be sold at the closing price of Takeda Shares on the Tokyo Stock Exchange on the relevant trade date.

Shire Shareholders who hold their New Takeda Shares through the Corporate Nominee Facility will not be entitled to require Takeda to sell to them such number of additional New Takeda Shares as is necessary to enable their holding of New Takeda Shares to constitute one whole unit.

(e) *Shire Shareholders who have made an ADS Election*

Shire Shareholders who have elected to receive New Takeda ADSs (other than those Shire Shareholders who hold their Shire Shares in uncertificated form and have elected to receive CDIs representing New Takeda ADSs) will be able to provide voting instructions in respect of any partial unit of New Takeda Shares to the Takeda Depository. The Takeda Depository will be able to aggregate voting instructions received to enable the maximum number of votes to be exercised.

The CDIs representing New Takeda ADSs will not carry any voting rights in Takeda (unless and to the extent such CDIs are cancelled, such that the Takeda ADSs are held through DTC, by settling a cross-border delivery transaction in respect of the underlying Takeda ADSs through CREST to a DTC participant). Accordingly, Shire Shareholders who have elected to receive CDIs representing New Takeda ADSs will not be able to provide voting instructions in respect of the underlying New Takeda ADSs.

19.6 **Shire ADS Holders**

The Shire Depository will make an ADS Election in respect of its entire holding of Shire Shares underlying the Shire ADSs as at the Scheme Record Time. **Consequently, as each Shire ADS represents three Shire Shares, Shire ADS Holders will receive \$90.99 in cash and 5.034 New Takeda ADSs (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depository after the Scheme Effective Time) for every Shire ADS which they hold at the ADS Effective Date, subject to any deductions in respect of US backup withholding (see paragraph 5 of Part X (Further information for Shire ADS Holders)).**

Shire ADS Holders are not entitled to make Elections in respect of their Shire ADSs.

Shire ADS Holders should refer to Part X (Further information for Shire ADS Holders) of this document for further information on settlement in relation to Shire ADSs.

20. **Settlement of the cash portion of the Consideration**

20.1 **Settlement in respect of Shire Shares held in certificated form (that is, not in CREST)**

The cash portion of the Consideration due under the Scheme to Shire Shareholders who hold their Shire Shares in certificated form at the Scheme Record Time will be paid:

- (a) to the extent that a Shire Shareholder has instructed and set up a standing electronic payment mandate with the Shire Registrar for the purpose of receiving dividend payments from Shire in pounds Sterling and subject to such Shire Shareholder having made (or being deemed to have made) a valid Currency Election to receive the cash portion of their Consideration in pounds Sterling, by way of an electronic BACs transfer to such account as indicated in such standard electronic payment mandate; and

- (b) in all other cases, by cheque drawn on a branch of a UK clearing bank, despatched by first class post (or international standard post, if overseas).

The currency of such cash payments will be in accordance with the Currency Elections made (or deemed to have been made) by such Shire Shareholders (the ability to make Currency Elections being described in paragraph 20.3 of this Part II). Payment made by cheque will be payable to the Shire Shareholders concerned or, in the case of joint holders, to all joint holders on Shire's register of members (except that in the case of joint holders, Takeda may procure that such cheques are made payable to that one of the joint holders whose name stands first in Shire's register of members in respect of such joint holding at the Scheme Record Time).

20.2 **Settlement in respect of Shire Shares held in uncertificated form (that is, in CREST)**

The cash portion of the Consideration due under the Scheme to Shire Shareholders who hold their Shire Shares in uncertificated form at the Scheme Record Time will be paid by Takeda by procuring that Euroclear is instructed to create an assured payment obligation in favour of the relevant Shire Shareholder's payment bank through CREST (the ability to make Currency Elections being described in paragraph 20.3 of this Part II). The currency of such cash payments will be in accordance with the Currency Elections made by such Shire Shareholders.

Each Shire Shareholder who holds Shire Shares in uncertificated form at the Scheme Record Time and does not make a valid Currency Election must ensure that an active US Dollar Cash Memorandum Account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar Cash Memorandum Account, the payment of the cash portion of the Consideration will not settle, resulting in a delay and the settlement of the cash portion of the Consideration outside of CREST.

Takeda reserves the right to pay cash to any or all Shire Shareholders who hold Shire Shares in uncertificated form at the Scheme Record Time in the manner referred to in paragraph 20.1 of this Part II if, for reasons outside its reasonable control, it is not able to effect settlement within the CREST system.

20.3 **Currency Conversion Facility**

Shire Shareholders may elect to instead receive the US Dollar cash portion of the Consideration in pounds Sterling under the Currency Conversion Facility.

Shire Shareholders with a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time and who hold their Shire Shares in certificated form will be deemed to have made a valid Currency Election and will receive the entire cash portion of the Consideration payable to them in pounds Sterling net of any applicable customary transaction and dealing costs associated with the conversion at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date, unless they opt out of the Currency Conversion Facility by completing and returning an Opt-out Form (a copy of which may be obtained by contacting the Shareholder Helpline). Unless they make a valid Currency Election, all other Shire Shareholders (including Shire Shareholders with a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time, but who hold their Shire Shares in uncertificated form) will receive the cash portion of the Consideration payable to them in US Dollars.

Where a Shire Shareholder has made (or is deemed to have made) a valid Election to receive the US Dollar cash portion of the Consideration in pounds Sterling under the Currency Conversion Facility, the cash portion of the Consideration due to such holder in respect of their Shire Shares in accordance with the terms of the Scheme will be paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date.

Takeda intends to obtain the amount of pounds Sterling required to satisfy Currency Elections through a series of market transactions carried out over one or more Business Days following the Scheme Record Time. The number of transactions, time period required, exchange rate obtained and level of transaction and dealing costs associated with the conversion will depend on market conditions and the number of Shire Shares in respect of which a valid Currency Election is made. However, Takeda will use all reasonable endeavours to obtain the best rate reasonably available in the market (including taking account of the size of the transactions and the timeframes within which they are to be executed) at the relevant times and to ensure that the applicable transaction and dealing costs are on arm's length market terms. The rate obtained in each transaction will be combined to produce an average rate such that all Shire Shareholders who have made (or are deemed to have made) a Currency Election will receive the same amount of pounds Sterling for each of their Shire Shares.

20.4 **General**

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

Save with the consent of the Panel, settlement of the Consideration to which any Shire Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this Part II without regard to any lien, right of set off, counterclaim or analogous right to which Takeda may otherwise be, or claim to be, entitled against any Shire Shareholder.

21. **Corporate Nominee Facility**

21.1 **Overview**

Shire Shareholders who make a valid Corporate Nominee Election to have their New Takeda Shares held on their behalf through the Corporate Nominee Facility will be able to hold their New Takeda Shares in this manner for a maximum of two years from the Effective Date. After this time, the Fiduciary will procure that any remaining New Takeda Shares held on behalf of the former Shire Shareholders through the Corporate Nominee Facility are sold in accordance with the Corporate Nominee Facility Terms and Conditions and the Sales Policy and the net proceeds of the sale (converted into pounds Sterling and after deductions specified in the Sales Policy) be remitted in pounds Sterling to the relevant Shire Shareholders pro rata to their entitlement of such New Takeda Shares by way of cheque drawn on a branch of a UK clearing bank.

Shire Shareholders who hold New Takeda Shares through the Corporate Nominee Facility will not be the registered holders of such New Takeda Shares; instead such New Takeda Shares will be registered in the name of the Global Custodian, as custodian for the Fiduciary. The Fiduciary will hold the New Takeda Shares on behalf of the relevant former Shire Shareholders.

In accordance with Corporate Nominee Facility Terms and Conditions (as set out in Appendix II (Corporate Nominee Facility Terms and Conditions) to this document), from the Effective Date, all former Shire Shareholders who have New Takeda Shares held on their behalf through the Corporate Nominee Facility will:

- (a) receive notices of, and be able to attend and speak at, all general meetings of Takeda via the Fiduciary;
- (b) receive quarterly statements of the assets held on their behalf in the Corporate Nominee Facility;
- (c) be able to give directions to the Fiduciary as to voting at all general meetings of Takeda (subject to the unit share system (in respect of which, see paragraph 19.5(c) of this Part II)); and
- (d) be able to receive dividends, distributions and other returns of capital via the Fiduciary (subject to applicable Japanese withholding tax deductions),

in each case, subject to any applicable laws and legislation.

Shire Shareholders should note that the Fiduciary will send a tax residency declaration form to each relevant Shire Shareholder at the same time as their statements of entitlement detailing the number of New Takeda Shares held by them through the Corporate Nominee Facility (as described in paragraph 19.3(e) of this Part II above). Shire Shareholders should note that, if the tax residency declaration form is not completed and returned to the Fiduciary within the time limit stated thereon, it is expected that Japanese tax will be withheld from any dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid with respect to their New Takeda Shares at a rate of 15.315 per cent. and that Shire Shareholders who are entitled to the benefit of a double taxation convention would face significant practical difficulties if they were to try and apply for a refund of any tax withheld in excess of the applicable treaty rate. In respect of Shire Shareholders who are resident in the UK and who complete and return the tax residency declaration form within the time limit stated thereon, it is expected that Japanese tax will be withheld from any dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid with respect to their New Takeda Shares at a rate of 10 per cent. Different rates may apply to Shire Shareholders resident in countries other than the UK and who complete and return the tax residency declaration form within the time limit stated thereon; such Shire Shareholders may wish to contact an appropriately qualified independent professional tax adviser and the Fiduciary for further information. Shire Shareholders should further note that, in addition to the tax residency declaration, they may be required to submit the "Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends" or the "Special Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks", each together with any other required forms and documents.

In order to comply with the Corporate Nominee Facility Terms and Conditions, Shire Shareholders must maintain a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar for the entire period that their New Takeda Shares are held through the Corporate Nominee Facility.

21.2 ***Sales and transfers***

Former Shire Shareholders who hold New Takeda Shares through the Corporate Nominee Facility will be able to elect to sell their New Takeda Shares through a dealing service to be made available by the Fiduciary at any time during the period of two years following the Effective Date by completing and submitting a sales request form (available upon request from the Fiduciary) to the Fiduciary. Sales request forms must be received by the Fiduciary no later than the date falling two years after the Effective Date. The Fiduciary will then arrange for the sale to be executed in accordance with such request, the Corporate Nominee Facility Terms and Conditions and the Sales Policy (or such other terms as may be agreed to by the relevant holder), subject to any applicable laws and legislation, and for the net proceeds of sale (after the deductions incurred in connection therewith) to be paid to the relevant holder in pounds Sterling.

The Corporate Nominee Facility is being made available specifically to facilitate settlement of the New Takeda Shares being issued as consideration under the Scheme. Shire Shareholders who participate in the Corporate Nominee Facility will therefore not be able to transfer any additional Takeda Shares into the Corporate Nominee Facility.

21.3 ***Transfer from the Corporate Nominee Facility into a designated JASDEC Account***

Former Shire Shareholders who hold New Takeda Shares through the Corporate Nominee Facility will also be able to elect to transfer their New Takeda Shares from the Corporate Nominee Facility into a designated JASDEC Account at any time during the period of two years following the Effective Date by arranging a JASDEC Account and a standing proxy or mailing address in Japan and notifying the Fiduciary thereof by submitting a transfer request form (available upon

request from the Fiduciary) to the Fiduciary by no later than the date falling two years after the Effective Date.

21.4 Termination sales

Any New Takeda Shares which have not been sold or extracted from the Corporate Nominee Facility by the date falling two years after the Effective Date will be sold in the market in accordance with the Sales Policy and the net proceeds of sale (converted into pounds Sterling and after deductions specified in the Sales Policy) will be paid to the relevant former Shire Shareholders.

Further details regarding the Sales Policy are set out in paragraph 22 of this Part II.

21.5 Costs and fees

None of the costs incurred by Takeda with respect to the initial establishment of the Corporate Nominee Facility will be passed on to those former Shire Shareholders on whose behalf New Takeda Shares will be held in the Corporate Nominee Facility. However, to comply with Japanese law (so as to respect the principle of equality of treatment of shareholders under the Japanese Companies Act), an account maintenance fee is required to be chargeable to those former Shire Shareholders who enjoy the benefit of the Corporate Nominee Facility after the Effective Date. Unless waived by the Fiduciary, such fees will be £5.25 (including VAT) per Personal Sub-Account per 12-month period (meaning a maximum amount of £10.50 will be payable per Personal Sub-Account in respect of the two-year period from the Effective Date during which New Takeda Shares may be held through the Corporate Nominee Facility).

In addition, an annual management fee for unclaimed payments (up to a maximum of £5.00 (including VAT) per 12-month period) is chargeable by the Fiduciary to Shire Shareholders on whose behalf New Takeda Shares are held in the Corporate Nominee Facility. The fee shall only apply to a Shire Shareholder if all the New Takeda Shares that were held on behalf of such Shire Shareholder in the Corporate Nominee Facility have been sold or transferred out of the Corporate Nominee Facility and the Fiduciary continues to hold unclaimed payments for the relevant Shire Shareholder. Unclaimed payments are any payments issued to a Shire Shareholder that remain uncashed 12 months following the date of issue. The annual management fee will be deducted from the unclaimed payments held on behalf of the relevant Shire Shareholder. Shire Shareholders will be notified of any unclaimed payments on their quarterly statements and given the opportunity to claim these funds (less an applicable reissue fee) in advance of any annual management fee being applied.

The above fees are, however, separate to any dealing expenses, brokerage fees or foreign exchange fees or commissions which will be passed on to the former Shire Shareholders on whose behalf sales are made or dividends are received.

21.6 Terms and Conditions

Please refer to the Corporate Nominee Facility Terms and Conditions as set out in Appendix II (Corporate Nominee Facility Terms and Conditions) to this document for further detail on the foregoing matters.

22. Sales Policy

Any sale of New Takeda Shares to be procured by Takeda or the Fiduciary as contemplated by this document will be carried out in accordance with the terms of the Master Framework and Custody Agreement (and the Dealing Facility Terms and Conditions or the Corporate Nominee Facility Terms and Conditions (as applicable)). The following parameters (the “**Sales Policy**”) shall apply to any such sale:

Item	Details
Number of New Takeda Shares to be sold	Number of New Takeda Shares to be sold in each sale will be specified in each instruction by the Fiduciary.
Exchange	The Tokyo Stock Exchange (TSE)
Broker	Nomura Securities Co., Ltd
Maximum aggregate order volume per day ⁽¹⁾	15% of the average daily trading volume during the four weeks preceding the week in which the relevant sales day falls.
Treatment of share units	Whole units of Takeda Shares (1 unit is 100 Takeda Shares) will be sold on the Tokyo Stock Exchange. Any partial unit (being any number of 1 to 99 New Takeda Shares) will be sold at the closing price on the relevant trade date.
Dealing charges and deductions	(i) 0.3% transaction fee charged by the Broker; plus (ii) 0.25% currency conversion fee charged by the Broker; plus (iii) in the case of sales of New Takeda Shares held in the Corporate Nominee Facility through the dealing service made available by the Fiduciary, any additional fees that may be applicable under the Corporate Nominee Facility Terms and Conditions from time to time.

Note:

(1) Refers to all sales of New Takeda Shares instructed to be undertaken pursuant to the Master Framework and Custody Agreement (and the Dealing Facility Terms and Conditions or the Corporate Nominee Facility Terms and Conditions, applicable) on behalf of the Fiduciary on a given day.

Further details of the Master Framework and Custody Agreement are set out in paragraph 11.5 of this Part II.

23. Listing of the New Takeda Securities and cancellation of listing the Shire Shares and Shire ADSs

23.1 Listing of the New Takeda Securities

Takeda ADSs currently trade in the over-the-counter market in the United States and are not listed on any national US securities exchange. Prior to the Scheme Record Time, Takeda intends to achieve the registration of the Takeda ADSs under the US Exchange Act and their admission for listing and trading on the New York Stock Exchange.

Before the Scheme becoming Effective, applications will be made to: (i) the Tokyo Stock Exchange and the Local Japanese Stock Exchanges for the New Takeda Shares to be admitted to listing and admitted to trading; and (ii) the New York Stock Exchange in order that the New Takeda Shares are capable of being deposited with the Takeda Depositary in exchange for the corresponding amount of New Takeda ADSs (each representing 0.5 Takeda Shares), which may be traded on the New York Stock Exchange.

It is expected that the New Takeda Shares will be admitted to trading on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges, the New Takeda ADSs will be admitted to trading on the New York Stock Exchange, and dealings for normal settlement in the New Takeda Shares and New Takeda ADSs will commence shortly after the Effective Date.

No application has been made or is currently intended to be made by Takeda for the New Takeda Securities to be admitted to listing or trading on any other exchange.

23.2 Cancellation of listing the Shire Shares and Shire ADSs

It is intended that the last time for dealing in Shire Shares on the London Stock Exchange will be 4.30 p.m. (London time) on January 4, 2019, being the day following the Court Sanction Hearing. No transfers of Shire Shares will be registered after 6.00 p.m. (London time) on that date. It is intended that dealings in Shire Shares on the London Stock Exchange will be formally suspended before markets open on the following business day, expected to be January 7, 2019. It is further intended that, before the Scheme becoming Effective, an application will be made by Shire to the London Stock Exchange for the cancellation of the trading of Shire Shares on its main market for listed securities and the UKLA will be requested to cancel the listing of Shire Shares on the Official List, in each case to take effect shortly after the Effective Date.

Share certificates in respect of the Shire Shares will cease to be valid from the Effective Date. In addition, entitlements to the Shire Shares held within the CREST system will be disabled from the Scheme Record Time and expired and removed soon thereafter.

It is intended that the last time for dealing in Shire ADSs on NASDAQ will be at close of business (New York time) on January 4, 2019, being the day following the Court Sanction Hearing. It is intended that dealings in Shire ADSs on NASDAQ will be formally halted before markets open on the following business day, expected to be January 7, 2019. It is intended that, following the Effective Date, Shire's ADS programme be terminated and that applications be made to delist the Shire ADSs from NASDAQ and terminate the registration of Shire's ADSs with the SEC (please refer to the "Expected Timetable of Principal Events" on pages 1 to 3 of this document). If the Shire ADSs are delisted and/or deregistered, they would cease to be "margin securities", which would likely have an adverse impact on the value of the Shire ADSs.

23.3 Mandates and communication preferences

All mandates and other instructions, including communication preferences (but excluding any mandate in respect of Shire's income access arrangements which allow Shire Shareholders to receive dividends from a member of the Shire Group that is tax resident in the United Kingdom), given to Shire by Shire Shareholders who have made a Corporate Nominee Election in respect of some or all of their Shire Shares and which remain in force at the Scheme Record Time shall, unless and until revoked, be deemed as from the Effective Date to be valid and effective mandates or instructions to Takeda in relation to the New Takeda Shares held through the Corporate Nominee Facility.

Other than as set out in the paragraph above and as required in relation to the settlement of Consideration pursuant to the terms of the Scheme, all mandates and other instructions given to Shire by Shire Shareholders and which remain in force at the Scheme Record Time relating to Shire Shares (including, without limitation, any mandate in respect of Shire's income access arrangements which allow Shire Shareholders to receive dividends from a member of the Shire Group that is tax resident in the United Kingdom) shall, from the Effective Date, cease to be valid and shall not be effective in relation to the New Takeda Shares.

24. Return of documents of title

If the Scheme is withdrawn or lapses, or a Form of Election is validly withdrawn, documents of title submitted and other documents lodged with any Form of Proxy and/or the Form of Election will be

returned to the relevant Shire Shareholder as soon as practicable and in any event within 14 calendar days of such lapse or withdrawal.

25. Taxation

Shire Shareholders and Shire ADS Holders should read Part VII (Taxation) of this document, which contains a general description of certain United Kingdom, United States, Japanese, Jersey and Irish tax consequences of the Acquisition. Shire Shareholders and Shire ADS Holders who are in any doubt as to their tax position, or who are subject to taxation in any jurisdiction other than the United Kingdom or United States, should consult an appropriately qualified independent professional tax adviser immediately.

26. Shire Subscriber Ordinary Shares

In addition to the Shire Shares currently in issue, two Shire Subscriber Ordinary Shares are currently in issue. The Shire Subscriber Ordinary Shares were originally issued to the initial subscribers to Shire's memorandum of association on incorporation of Shire.

Pursuant to Article 5(B) of the Shire Articles, the holder of a Shire Subscriber Ordinary Share has no right to receive notice of, or to attend and vote at, a general meeting of Shire and no right to receive any dividends paid by Shire. In the event of a winding up of Shire, a holder of a Shire Subscriber Ordinary Share is only entitled to receive the nominal value of that share, and only after the holders of Shire Shares have received the nominal value in respect of all Shire Shares in issue. Accordingly, the Shire Subscriber Ordinary Shares are not considered to have any economic value (beyond their nominal value) and have never been listed on a stock exchange. The Shire Subscriber Ordinary Shares are currently held by Stephen Williams, the Deputy Company Secretary of the Shire Group.

The Shire Subscriber Ordinary Shares will not be subject to the Scheme. Shire will procure that, immediately before the Scheme Effective Time, the holder of the Shire Subscriber Ordinary Shares will deliver a duly executed transfer form in favour of Takeda (or to such nominee as Takeda may direct) to enable Takeda (or its nominee) to be registered as the holder of the Shire Subscriber Ordinary Shares.

27. Overseas Shareholders

27.1 General

The availability of the Scheme and the Acquisition to Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and should observe any applicable legal requirements. It is the responsibility of all Overseas Shareholders to satisfy themselves as to their full compliance with the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and their compliance with any other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Shire Shareholders and Shire ADS Holders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

27.2 Restricted Shire Shareholders

If, in respect of a Shire Shareholder who is resident, located or has a registered address in a jurisdiction outside Jersey or the United Kingdom, Takeda is advised that the law of a country or territory outside Jersey or the United Kingdom precludes: (i) the allotment, issue and/or delivery to that Shire Shareholder of New Takeda Shares and/or New Takeda ADSs in accordance with the Scheme; (ii) the provision to that Shire Shareholder of the right to make an Election; and/or (iii) either or both of the matters referred to in points (i) and/or (ii), except after compliance by Shire or Takeda (as the case may be) with any governmental or other consent or any registration,

filing or other formality with which Shire and/or Takeda (as the case may be) is unable to comply or compliance with which Shire and/or Takeda (as the case may be) regards as unduly onerous, then Takeda may, in its sole discretion, require Shire to treat such Shire Shareholder as a Restricted Shire Shareholder for the purposes of the Scheme.

Given that: (i) investors must either have an account with JASDEC or, failing that, an account with an AMI that has been admitted to JASDEC pursuant to the Book-Entry Act in order to hold and trade the New Takeda Shares; and (ii) Restricted Shire Shareholders are not permitted to make Election(s) in respect of their Shire Shares at the Scheme Record Time so as to provide relevant details for the settlement of their New Takeda Shares, the New Takeda Shares to which any Restricted Shire Shareholders are entitled shall be issued to a person appointed by Takeda to hold such New Takeda Shares on terms that such person shall, as soon as possible following the Effective Date, procure the sale of the relevant New Takeda Shares at the best price which can reasonably be obtained at the time of sale.

The net proceeds of any such sale (after the deductions specified in the Sales Policy) shall be paid to the relevant Restricted Shire Shareholder pro rata to their entitlement in US Dollars by cheque drawn on a branch of a UK clearing bank and despatched to the relevant Restricted Shire Shareholder at their registered address. Any remittance of the net proceeds of the sale referred to shall be at the risk of the relevant Restricted Shire Shareholder.

Restricted Shire Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Acquisition in their particular circumstances.

27.3 **US securities law**

The New Takeda Shares (including the New Takeda Shares underlying the New Takeda ADSs) have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States.

The New Takeda Shares (including the New Takeda Shares underlying the New Takeda ADSs) are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof as well as exemptions from registration and qualification under applicable state securities laws.

For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10), Shire will advise the Court that its sanctioning of the Scheme will be relied upon by Takeda as an approval of the Scheme following a hearing on its fairness to Shire Shareholders, at which hearing all Shire Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme with respect to which notification has been given to all Shire Shareholders.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of Takeda within 90 calendar days of the Effective Date may not resell the New Takeda Securities received under the Scheme without registration under the US Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders. Shire Shareholders and Shire ADS Holders who believe they may be or become (within 10 calendar days of the Effective Date) affiliates for the purposes of the US Securities Act should consult their own legal advisers before any resale of New Takeda Securities received under the Scheme.

The New Takeda Securities generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive securities under the Scheme (other than “affiliates” as described in the paragraph above) may resell them without restriction under the US Securities Act.

27.4 **Other overseas securities laws**

Unless otherwise determined by Takeda or required by the Takeover Code and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a jurisdiction where to do so would violate the laws in that jurisdiction. No person may vote in favour of the Acquisition by any use, means, instrumentality or form, and the Acquisition will not be capable of acceptance, from or within a jurisdiction, if to do so would constitute a violation of the laws of that jurisdiction.

Accordingly, unless otherwise determined by Takeda or Shire or required by the Takeover Code and permitted by applicable law and regulation, copies of this document and any accompanying documents are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction, where to do so would violate the laws in that jurisdiction, and persons receiving this document and/or accompanying documents (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from any jurisdiction, where to do so would violate the laws in that jurisdiction. Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or any other related document to any jurisdiction outside Jersey or the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

28. **Action to be taken**

28.1 **Voting at the Shire Meetings**

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SHIRE SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN BOTH YOUR FORMS OF PROXY (OR APPOINT A PROXY ONLINE OR THROUGH THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE) OR ADS VOTING CARD, OR TO GIVE VOTING INSTRUCTIONS THROUGH YOUR BROKER OR OTHER SECURITIES INTERMEDIARY, AS SOON AS POSSIBLE.

The Scheme will require approval at a meeting of Shire Shareholders entitled to vote convened with the permission of the Court and is to be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland at 11.15 a.m. (London time) on December 5, 2018. Implementation of the Scheme will also require approval by Shire Shareholders of the Special Resolution relating to the Acquisition to be proposed at the Shire General Meeting. The Shire General Meeting will be held at the same place as the Court Meeting on December 5, 2018 at 11.30 a.m. (London time) (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

Shire Shareholders entitled to attend and vote at the Shire Meetings are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote at the Court Meeting and/or Shire General Meeting. A proxy need not be a Shire Shareholder.

The completion and return of a Form of Proxy or the appointment of a proxy or proxies through CREST or www.sharevote.co.uk shall not prevent a Shire Shareholder from attending and voting in person at either Shire Meeting or any adjournment thereof, if a Shire Shareholder so wishes and is so entitled. In the event of a poll on which a Shire Shareholder votes in person, their proxy votes previously lodged with Equiniti, Shire or www.sharevote.co.uk will be excluded.

(a) *Sending Forms of Proxy by post or by hand*

Please complete and sign the Forms of Proxy in accordance with the instructions printed on them and return them, either: (i) by post; or (ii) during normal business hours only, by hand, to Equiniti (Jersey) Limited, c/o Equiniti Limited at Aspect House, Spencer Road,

Lancing, West Sussex BN99 6DA, United Kingdom, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting 11.15 a.m. (London time) on
December 3, 2018

YELLOW Forms of Proxy for the Shire General Meeting 11.30 a.m. (London time) on
December 3, 2018

or, if in either case the relevant Shire Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours before the time appointed for the adjourned Shire Meeting. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.

If the BLUE Form of Proxy for the Court Meeting is not returned by such time, it may be handed to a representative of Equiniti, on behalf of the Chairman of the Court Meeting, or to the Chairman of the Court Meeting, before the start of the Court Meeting. However, in the case of the Shire General Meeting, the YELLOW Form of Proxy must be received by Equiniti by the time mentioned above, or it will be invalid. Such invalidity will not, however, prevent a Shire Shareholder from attending the Shire General Meeting and speaking and voting at the Shire General Meeting in person if they are entitled and wish to do so.

Shire Shareholders are entitled to appoint a proxy in respect of some or all of their Shire Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Shire Shareholders who wish to appoint more than one proxy in respect of their holding of Shire Shares should contact Equiniti for further Forms of Proxy or photocopy the Forms of Proxy as required.

(b) *Online appointment of proxies*

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.sharevote.co.uk and following the instructions there. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 11.15 a.m. (London time) on December 3, 2018 for the Court Meeting and 11.30 a.m. (London time) on December 3, 2018 for the Shire General Meeting (or, in the case of adjournment(s), not later than 48 hours before the time appointed for the adjourned Shire Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

In the case of the Court Meeting only, if you have not appointed a proxy electronically by such time, you may complete the BLUE Form of Proxy and hand it to a representative of Equiniti, or the Chairman of the Court Meeting, before the start of the Court Meeting.

(c) *Electronic appointment of proxies through CREST*

If you hold Shire Shares in uncertificated form – that is, in CREST – and wish to appoint a proxy or proxies for the Shire Meetings (or any adjourned Shire Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (please also refer to the accompanying notes to the notices of the Shire Meetings set out in Part XII (Notice of Court Meeting) and Part XIII (Notice of Shire General Meeting) of this document). CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the

information required for such instructions as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Equiniti (ID 7RA01) not later than 48 hours before the time appointed for the Court Meeting or Shire General Meeting (or adjourned Shire Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host (as defined in the CREST Manual)) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Shire may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

(d) *Voting on the Acquisition if you are a Shire ADS Holder*

A Shire ADS Holder can vote, or direct the voting of, the Shire Shares represented by its Shire ADSs in a number of ways as further described in Part X (Further information for Shire ADS Holders) of this document.

Voting via the Shire Depositary: Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 should, if they wish to direct the voting of the Shire Shares represented by their Shire ADSs that are held via the Shire Depositary (or its nominee), sign, complete and return the ADS Voting Card in accordance with the instructions printed thereon and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depositary in order to instruct the Shire Depositary how to vote the Shire Shares represented by their Shire ADSs on their behalf at the Court Meeting and the Shire General Meeting. The ADS Voting Card should be returned by mail to Shire plc, c/o Citibank Shareholder Services, PO Box 43099, Providence RI 02940-5000, USA, as soon as possible and, in any event, so as to be received no later than 10.00 a.m. (New York time) on November 29, 2018 or if either the Court Meeting or the Shire General Meeting is adjourned, such later date as may be notified by the Shire Depositary, having consulted with Shire. Alternatively, Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 may instruct the Shire Depositary with voting instructions by internet or telephone, as set out in the instructions printed on the ADS Voting Card and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depositary.

Shire ADS Holders who hold their Shire ADSs indirectly must follow the instructions from their custodian, broker or other agent through which they hold their Shire ADSs if they wish to give voting instructions to the Shire Depositary. Providing voting instructions via a custodian, broker or other agent may require the provision of information by a particular deadline, well in advance of the deadline to give the Shire Depositary voting instructions,

and therefore you are encouraged to reach out to such custodian, broker or other agent for any such deadline as quickly as possible.

Following timely receipt of a signed and completed ADS Voting Card (or instructions by internet or telephone) from a Shire ADS Holder, the Shire Depository shall endeavour, insofar as practicable and permitted under the provisions of, or governing, the Shire Shares represented by Shire ADSs, to vote or cause its nominee to vote (by means of the appointment of a proxy or otherwise) such Shire Shares represented by the Shire ADSs in respect of which instructions have been received in accordance with those instructions.

The Shire Deposit Agreement provides that the Shire Depository will not exercise any voting discretion in respect of the Shire Shares represented by Shire ADSs. If the Shire Depository does not receive an ADS Voting Card (or instructions by internet or telephone) from a Shire ADS Holder before 10.00 a.m. (New York time) on November 29, 2018 in respect of their entire holding of Shire ADSs, then:

- (i) in respect of the Shire General Meeting only, subject to the terms of the Shire Deposit Agreement, such Shire ADS Holder shall be deemed to have instructed the Shire Depository to give a person designated by Shire a discretionary proxy to vote the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions. Any such Shire ADS Holder may be required, in accordance with DTR 5 of the Disclosure Guidance and Transparency Rules, to notify Shire of their relevant holding of Shire ADSs if the percentage of their voting rights falls below a notifiable threshold as a result of a person designated by Shire having been so appointed. In the event that a person designated by Shire is given such a discretionary proxy, it is the intention of the Shire Board to direct such person to exercise such votes in line with the voting recommendation of the Shire Board for each of the resolutions to be proposed at the Shire General Meeting; and
- (ii) in respect of the Court Meeting, such Shire ADS Holder shall not be deemed to have instructed the Shire Depository to give a person designated by Shire a discretionary proxy to vote the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions. Accordingly, the Shire Shares represented by the Shire ADSs in respect of which the Shire Depository has not received voting instructions will not be represented at the Court Meeting and will not be voted at the Court Meeting.

Cancellation of Shire ADSs so as to become a Shire Shareholder: Shire ADS Holders who wish to attend the Court Meeting and/or the Shire General Meeting must take steps to present their Shire ADSs (and, to the extent that such Shire ADSs are certificated, the certificates evidencing such Shire ADSs) to the Shire Depository for cancellation before 5.00 p.m. (New York time) on November 23, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depository's fees), together with: (i) delivery instructions for the Shire Shares represented by such Shire ADSs (including, if applicable, the name and address of the person who will be the registered holder of such Shire Shares); and (ii) if the cancellation is to take place before the Shire Meetings, a certification that the Shire ADS Holder: (x) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has not given, and will not give, voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings (or has cancelled all voting instructions previously given); (y) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has given voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings, but undertakes not to vote the Shire Shares represented by such Shire ADSs at the Shire Meetings; or (z) did not beneficially own the relevant Shire ADSs as at the ADS Voting Record Time, but undertakes not to vote the Shire Shares represented by such Shire ADSs at the Shire Meetings. Shire ADS Holders

who hold their Shire ADSs in a brokerage, bank, custodian or other nominee account should promptly contact their broker, bank or other nominee to find out what actions are required to instruct the broker, bank or other nominee to cancel the Shire ADSs on their behalf. Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depository's fees associated with such cancellation.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018. Shire ADS Holders who take steps (as described in the paragraphs above) to cancel their Shire ADSs before 5.00 p.m. (New York time) on November 23, 2018 and become Shire Shareholders before the Voting Record Time will also have the right to attend the Court Sanction Hearing in person and be represented by counsel to support or oppose the sanctioning of the Scheme.

28.2 Making an Election in respect of the Consideration

Your attention is drawn to Part IX (Notes for making Elections) of this document, which sets out in detail how to make an Election in respect of the Consideration.

Flowcharts have also been included on pages 16 to 18 in order to assist you in making an Election in respect of the Consideration.

29. Shareholder Helpline

If you have any questions about this document, the Court Meeting or the Shire General Meeting, or are in any doubt as to how to complete the Forms of Proxy, lodge a Form of Election or make a TTE Instruction, please call Equiniti between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except public holidays in England and Wales) on 0330 123 5506 (if calling from within the UK) or +44 (0)121 415 0856 (if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones.

The helpline for Shire ADS Holders is provided by the Shire Depository and is available between 8.30 a.m. and 6.00 p.m. (New York time) Monday to Friday (except public holidays in the US) on +1 866 395 6421 from within the US or +1 781 575 4555 if calling from outside the US. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the US will be charged at the applicable international rate.

Please note that calls may be monitored or recorded and Equiniti and the Shire Depository cannot provide legal, tax or financial advice or advice on the merits of the Scheme.

30. Risk factors

Shire Shareholders and Shire ADS Holders should consider fully and carefully the risk factors associated with the Combined Group, the New Takeda Shares and the New Takeda ADSs. Your attention is drawn to the risk factors set out in Appendix I (Risk Factors) to this document and the other information relating to the New Takeda Securities set out in Part V (Takeda Securities) of this document.

31. Further information

The terms of the Scheme are set out in full in Part III (The Scheme of Arrangement) of this document. Shire Shareholders and Shire ADS Holders are also directed to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the Conditions and additional terms set out in Part IV (Conditions to, and further terms of, the implementation of the

Scheme and the Acquisition), and the additional information set out in Part VIII (Additional Information) of this document.

Yours faithfully,

Jan Skarbek
For and on behalf of
Citigroup Global Markets Limited

Nick Harper
For and on behalf of
Goldman Sachs International

David Kitterick
For and on behalf of
Morgan Stanley & Co. International plc

PART III

THE SCHEME OF ARRANGEMENT

ROYAL COURT OF JERSEY
SAMEDI DIVISION

File No. 2018/276

IN THE MATTER OF SHIRE PLC
(Registered Number 99854)

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

SCHEME OF ARRANGEMENT
(under Article 125 of the Companies (Jersey) Law 1991)

between

SHIRE PLC

AND

THE SCHEME SHAREHOLDERS
(as hereinafter defined)

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

**“ADS” or “American
Depository Share”**

an American Depository Share;

“ADS Election”

an election for the ADS Election Facility which is made either: (i) by validly completing Part 4C on the Certificated Form of Election or CREST Form of Election (as applicable) and returning the relevant Form of Election to the Receiving Agent, in each case in accordance with the terms of this Scheme; or (ii) in the case of Scheme Shareholders who hold their Scheme Shares in uncertificated form and wish to receive CDIs representing New Takeda ADSs, by making a valid TTE Instruction in accordance with the terms of this Scheme (as applicable);

“ADS Election Facility”

the facility provided for in Clause 5(A)(iii) under which a Scheme Shareholder may elect to receive 1.678 New Takeda ADSs or, in the case of a Scheme Shareholder who makes a valid ADS Election to receive CDIs representing New Takeda ADSs before the TTE Instruction Return Time and who holds Scheme Shares in uncertificated form as at the Scheme Record Time, CDIs representing New Takeda ADSs, in each case for some or all of the Scheme Shares they hold, in lieu of the 0.839 New Takeda

	Shares per Scheme Share which such Scheme Shareholder would otherwise have been entitled to receive, as Consideration in accordance with <u>Clause 2</u> , subject to the terms and conditions applicable to the New Takeda ADSs;
“American Depositary Receipt”	an American Depositary Receipt evidencing American Depositary Shares;
“AMI”	a JASDEC account management institution that has been admitted to JASDEC pursuant to the Book-Entry Act;
“BACs”	Bankers’ Automated Clearing System, as operated by Bacs Payment Schemes Limited, a company which deals with payments that are made between bank accounts within the United Kingdom;
“Book-Entry Act”	the Act on Book-Entry of Company Bonds, Shares, etc. of Japan, as amended from time to time;
“Business Day”	a day (other than a Saturday, Sunday or public holiday in London, Jersey, New York or Tokyo) on which banks are open for business in London, Jersey, New York and Tokyo;
“CDI”	a CREST depository interest, as defined in the CREST Manual;
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form;
“Certificated Form of Election”	the form of election under which a Scheme Shareholder who holds Scheme Shares in certificated form may make: (i) a Currency Election; and/or (ii) a JASDEC Election, Corporate Nominee Election and/or an ADS Election (other than an ADS Election to receive CDIs representing New Takeda ADSs); and/or (iii) a Dealing Facility Election, subject to the terms and conditions set out in the Scheme Circular;
“Code”	The City Code on Takeovers and Mergers;
“Company”	Shire plc, a public limited company incorporated in Jersey with registered number 99854 and whose registered office is at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands;
“Consideration”	the consideration payable to Scheme Shareholders pursuant to <u>Clause 2</u> , comprising \$30.33 in cash and either 0.839 New Takeda Shares or, subject to the relevant Scheme Shareholder having made a valid ADS Election, 1.678 New Takeda ADSs per Scheme Share (as the same may be reduced subject to, and in accordance with, <u>Clause 2</u>);
“Corporate Nominee Election”	an election to receive New Takeda Shares through the Corporate Nominee Facility which is made by validly completing Part 4B on either the Certificated Form of Election or the CREST Form of Election (as applicable) and returning the relevant Form of Election to the Receiving Agent, in each case in accordance with the terms of this Scheme;
“Corporate Nominee Facility”	the facility provided for in <u>Clause 5(A)(ii)</u> under which a Scheme Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme

	Record Time may elect to have the Fiduciary hold on their behalf some or all of the New Takeda Shares which such Scheme Shareholder is entitled to receive pursuant to this Scheme;
“Corporate Nominee Facility Terms and Conditions”	the terms and conditions governing the operation of the Corporate Nominee Facility, as set out at Appendix II (Corporate Nominee Facility Terms and Conditions) to the Scheme Circular;
“Court”	the Royal Court of Jersey;
“Court Meeting”	the meeting or meetings of the holders of Ordinary Shares (other than Excluded Shares) as at the Voting Record Time or any class or classes thereof convened pursuant to an order of the Court pursuant to Article 125 of the Jersey Companies Law for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme, and any adjournment, postponement or reconvention thereof;
“Court Order”	the Act of the Court sanctioning this Scheme under Article 125 of the Jersey Companies Law;
“Court Sanction Hearing”	the hearing at which the Court sanctions the Scheme;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the authorised operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
“CREST Form of Election”	the form of election under which a Scheme Shareholder who holds Scheme Shares in uncertificated form (that is, in CREST) may make a JASDEC Election, Corporate Nominee Election and/or ADS Election, or such other form of instruction as may be agreed between a Scheme Shareholder and the Receiving Agent for the purposes of making an election on substantively the same terms as an Election, in each case subject to the terms and conditions set out in the Scheme Circular;
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time;
“CREST Regulations”	in relation to Scheme Shares held in uncertificated form, the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended from time to time and in relation to CDIs representing New Takeda ADSs, the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
“Currency Conversion Facility”	the facility provided for in <u>Clause 5(B)</u> under which a Scheme Shareholder may elect to receive some or all of the cash portion of the Consideration (which, in accordance with <u>Clause 2(A)</u> , is denominated in US Dollars) payable to them in accordance with this Scheme instead paid in pounds Sterling;
“Currency Election”	an election under the Currency Conversion Facility which is made: (i) in the case of Scheme Shareholders who hold their Scheme Shares in certificated form, by validly completing Part 3 of the Certificated Form of Election and returning the Certificated Form of Election to the Receiving Agent in accordance with the terms of this Scheme; or (ii) in the case of Scheme Shareholders who hold their Scheme Shares in uncertificated form, by making

	a valid TTE Instruction in accordance with the terms of this Scheme;
“Dealing Facility”	the facility provided for in <u>Clause 5(A)(iv)</u> under which a Scheme Shareholder who holds 200 or fewer Scheme Shares in certificated form as at the Scheme Record Time and has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time may elect to have all of the New Takeda Shares which they are entitled to receive as Consideration for their Scheme Shares pursuant to this Scheme sold on their behalf, subject to the Dealing Facility Terms and Conditions;
“Dealing Facility Election”	an election to sell New Takeda Shares through the Dealing Facility which is made by validly completing Part 4D on the Certificated Form of Election and returning the Certificated Form of Election to the Receiving Agent, in each case in accordance with the terms of this Scheme;
“Dealing Facility Terms and Conditions”	the terms and conditions governing the operation of the Dealing Facility, as set out on the Takeda and Shire websites, at www.takeda.com and www.shire.com , respectively;
“EEA”	the European Economic Area as at the date of this document;
“Effective”	means this Scheme having become effective in accordance with its terms;
“Election”	a Currency Election or a Securities Election, as the context requires;
“Election Return Time”	6.00 p.m. (London time) on the date falling two calendar days before the date on which Scheme Record Time falls (or such other time and/or date as may be announced by the Company (with the consent of Takeda) via a Regulatory Information Service (with such announcement being made available on the Company’s and Takeda’s websites at www.shire.com and www.takeda.com , respectively, and communicated to Scheme Shareholders at around the same date as such announcement), such announcement being made prior to a date that would, absent such an announcement, be the Election Return Date);
“ESA Instruction”	has the meaning given to it in the CREST Manual;
“Euroclear”	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738;
“Excluded Shares”	any Ordinary Shares: <ul style="list-style-type: none"> (i) registered in the name of, or beneficially owned by, Takeda or any member of the Takeda Group or their respective nominees; (ii) represented by Shire ADSs which are registered in the name of, or beneficially owned by, Takeda or any member of the Takeda Group or their respective nominees; or (iii) held in treasury by the Company;
“Fiduciary”	Equiniti Financial Services Limited;

“Forms of Election”	the Certificated Form of Election sent to Scheme Shareholders who hold their Scheme Shares in certificated form (other than holders who are resident, located or have a registered address in a jurisdiction where the extension or availability of the Scheme would breach any applicable law or to whom <u>Clause 3(A)(ii)</u> applies) and the CREST Form of Election sent to Scheme Shareholders who hold their Scheme Shares in uncertificated form (that is, in CREST) (other than holders who are resident, located or have a registered address in a jurisdiction where the extension or availability of the Scheme would breach any applicable law or to whom <u>Clause 3(A)(ii)</u> applies), and “Form of Election” shall mean either such form of election as the context requires;
“Global Custodian”	Nomura Bank (Luxembourg) S.A.;
“holder”	a registered holder and includes any person(s) entitled by transmission;
“JASDEC”	Japan Securities Depository Center, Inc.;
“JASDEC Account”	a direct account with JASDEC or a securities account with one of the AMLs;
“JASDEC Election”	an election described under <u>Clause 5(A)(i)</u> which is made by validly completing Part 4A on either the Certificated Form of Election or the CREST Form of Election (as applicable) and returning the relevant Form of Election to the Receiving Agent, in each case in accordance with the terms of this Scheme;
“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended from time to time;
“Latest Practicable Date”	with respect to the issued share capital of Takeda, the close of business on October 31, 2018, and otherwise, the close of business on November 7, 2018, being the latest practicable date before the date of this Scheme;
“New Takeda ADSs”	the new Takeda ADSs to be delivered pursuant to this Scheme to those Scheme Shareholders who have made a valid ADS Election to receive New Takeda ADSs (including any New Takeda ADSs underlying CDIs representing New Takeda ADSs);
“New Takeda Shares”	the new Takeda Shares to be delivered to Scheme Shareholders pursuant to this Scheme;
“No Action Sub-Account”	a sub-account opened with the Fiduciary in the name of the Representative acting as bare trustee for Scheme Shareholders (if any) who have made (or are deemed to have made) an invalid Securities Election or have failed to make a valid Securities Election in respect of some or all of their Scheme Shares;
“Ordinary Course Dividend”	has the meaning given to it in <u>Clause 2(E)</u> ;
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company;
“Panel”	The Panel on Takeovers and Mergers;
“Permitted Dividend”	has the meaning given to it in <u>Clause 2(E)</u> ;

“Personal Sub-Account”	a sub-account opened with the Fiduciary in the name of each Scheme Shareholder who makes a valid Corporate Nominee Election;
“Receiving Agent”	the receiving agent appointed by the Company for the purposes of this Scheme, being Equiniti Limited, a limited liability company incorporated in England with registered number 06226088;
“Registrar”	Equiniti (Jersey) Limited, a limited liability company incorporated in Jersey with registered number 99609;
“Registrar of Companies”	the registrar of companies in Jersey;
“Representative”	the Company or such other person as may be appointed by the Company in writing from time to time;
“Restricted Scheme Shareholder”	a Scheme Shareholder in respect of whom <u>Clause 3(A)</u> applies;
“Sales Policy”	the sales policy set out in paragraph 22 of Part II (Explanatory Statement) of the Scheme Circular;
“Scheme”	this scheme of arrangement proposed to be made under Article 125 of the Jersey Companies Law between the Company and the Scheme Shareholders, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Takeda;
“Scheme Circular”	the circular dated November 12, 2018 sent by the Company to holders of Ordinary Shares of which this Scheme forms part;
“Scheme Effective Date”	the date on which this Scheme becomes Effective in accordance with <u>Clause 10</u> ;
“Scheme Record Time”	6.00 p.m. (London time) on the calendar day following the date of the Court Sanction Hearing;
“Scheme Shareholder”	a holder of Scheme Shares;
“Scheme Shares”	<p>the Ordinary Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this Scheme; (ii) (if any) issued after the date of this Scheme and before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the original holder or any subsequent holder thereof will be bound by this Scheme or in respect of which the original or any subsequent holder thereof shall have agreed in writing to be bound by this Scheme, <p>and in each case remaining in issue at the Scheme Record Time, but excluding any Excluded Shares;</p>
“Securities Election”	a JASDEC Election, Corporate Nominee Election, ADS Election or Dealing Facility Election, as the context requires;
“Settlement Account”	the JASDEC Account to be opened by the Global Custodian on the instruction of the Fiduciary, for the purpose of entering into

	the record maintained by JASDEC the New Takeda Shares to be issued in connection with the Acquisition and, as relevant, the continued holding of New Takeda Shares in accordance with the Book-Entry Act;
“Shire ADS”	an American Depositary Share issued under the Shire Deposit Agreement, such American Depositary Share representing three Ordinary Shares;
“Shire Deposit Agreement”	the amended and restated deposit agreement, including the form of American Depositary Receipt for American Depositary Shares representing Ordinary Shares attached thereto, setting forth the terms of the Shire ADSs from time to time;
“Takeda”	Takeda Pharmaceutical Company Limited, a company incorporated in Japan and whose registered office is at 1-1 Doshomachi 4-chome, Chuo-ku, Osaka 540-8645, Japan;
“Takeda ADS”	an American Depositary Share issued under the Takeda Deposit Agreement, such American Depositary Share representing 0.5 Takeda Shares;
“Takeda Deposit Agreement”	the deposit agreement, including the form of American Depositary Receipt for American Depositary Shares representing Takeda Shares attached thereto, setting forth the terms of the Takeda ADSs from time to time;
“Takeda Depositary”	The Bank of New York Mellon, or the depositary from time to time for the Takeda ADSs pursuant to the Takeda Deposit Agreement;
“Takeda Group”	Takeda and its subsidiaries and subsidiary undertakings from time to time;
“Takeda Shares”	the shares of common stock of no par value in the capital of Takeda;
“TTE Instruction”	a transfer to escrow instruction as defined in the CREST Manual;
“TTE Instruction Return Time”	the Scheme Record Time, being the latest time for making a TTE Instruction;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register as being in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
“Voting Record Time”	6.30 p.m. (London time) on the day which is two calendar days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.30 p.m. (London time) on the date falling two calendar days before the date appointed for such adjourned meeting.

(B) References to:

- (i) Clauses are to clauses of this Scheme;
- (ii) time are to London time;
- (iii) **“pounds”**, **“pounds Sterling”**, **“Sterling”**, **“£”**, **“pence”**, **“penny”** and **“p”** are to the lawful currency of the United Kingdom;
- (iv) **“JPY”**, **“JP¥”**, **“¥”** and **“Japanese Yen”** are to the lawful currency of Japan; and

- (v) “**US\$**”, “**\$**” and “**US Dollars**” are to the lawful currency of the United States.
- (C) The issued ordinary share capital of the Company as at the Latest Practicable Date was £46,147,333, divided into 922,946,619 ordinary shares of 5 pence each and two subscriber ordinary shares of £1 each, all of which were credited as fully paid and of which 7,357,283 were held in treasury. The subscriber ordinary shares are not subject to the Scheme and Shire will procure that the holder of the subscriber ordinary shares delivers a duly executed transfer form in favour of Takeda shortly prior to the Scheme becoming Effective.
- (D) As at the Latest Practicable Date, options and awards which could require the issue of up to 20,387,812 Ordinary Shares (including Ordinary Shares underlying Shire ADSs) have been granted pursuant to the Shire Long Term Incentive Plan 2015, the Shire Sharesave Scheme 2008, the Shire UK Sharesave Plan 2015, the Shire Irish Employee Stock Purchase Plan 2008, the Shire Irish Sharesave Plan 2015, the Shire Deferred Bonus Plan 2015, the Shire Portfolio Share Plan and the Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards.²²
- (E) The issued share capital of Takeda as at the Latest Practicable Date was 794,701,895 ordinary shares of no par value, of which 162,897 were held in treasury.
- (F) As at the Latest Practicable Date, no Ordinary Shares were registered in the name of or beneficially owned by Takeda or any other member of the Takeda Group.
- (G) Takeda has agreed to appear by Counsel at the Court Sanction Hearing and to submit to be bound by and undertake to the Court to be bound by the provisions of this Scheme and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to and be bound by this Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (A) On the Scheme Effective Date, Takeda (or such of its nominee(s) as are agreed between Takeda and the Company) shall acquire all the Scheme Shares fully paid, with full title guarantee, free from all liens, equities, charges, encumbrances and other interests, and together with all rights attached thereto, including voting rights and the right to receive and retain all dividends and other distributions declared, made or paid by the Company by reference to a record date falling on or after the Scheme Effective Date.
- (B) For the purposes of such acquisition, the Scheme Shares shall be transferred to Takeda (or such of its nominee(s) as are agreed between Takeda and the Company) and such transfer shall be effected by means of a form of transfer or other instrument or instruction of transfer, or by means of CREST, and to give effect to such transfers any person may be appointed by the Company as attorney or agent and shall be authorised as such attorney or agent on behalf of the holder concerned to execute and deliver such form of transfer or other instrument or instruction of transfer in respect of, or procure the transfer by means of CREST, of such Scheme Shares, and every form, instrument or instruction of transfer so executed or instruction given shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred.
- (C) Pending registration of the transfer of the Scheme Shares pursuant to Clause 1(A) and Clause 1(B), each Scheme Shareholder irrevocably appoints Takeda (or such of its nominee(s)

²² Includes Ordinary Shares (including Ordinary Shares underlying Shire ADSs) that could be issued upon the exercise of outstanding stock appreciation rights, assuming Shire ADS and Ordinary Share prices of \$180.95 and £45.99 respectively, the closing prices on the Latest Practicable Date. The reasonably envisaged maximum number of Ordinary Shares which could be issued pursuant to the exercise/vesting of outstanding options/awards prior to May 8, 2019 is 14,927,934.

as are agreed between Takeda and the Company) as its attorney and/or agent to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to its Scheme Shares and any or all rights and privileges attaching to the Scheme Shares, to sign any consent to short notice of any general or separate class meeting of the Company and authorises the Company to send to Takeda (and/or such of its nominee(s) as are agreed between Takeda and the Company) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company, such that from the Scheme Effective Date no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

2. Consideration for the transfer of Scheme Shares

(A) In consideration for the transfer of the Scheme Shares to Takeda (or its nominee(s) referred to in Clause 1(B)), Takeda shall, subject to the remaining provisions of this Scheme, allot and issue New Takeda Shares (or, where relevant, procure the issue of New Takeda ADSs) and pay or provide, or procure that there shall be paid or provided, cash consideration to or for the account of each Scheme Shareholder on the following basis:

- (i) \$30.33 in cash; and
- (ii) 0.839 New Takeda Shares or, subject to the relevant Scheme Shareholder having made a valid ADS Election, 1.678 New Takeda ADSs (or CDIs representing such New Takeda ADSs),

for each Scheme Share.

(B) The New Takeda Shares allotted and issued pursuant to Clause 2(A) shall be issued credited as fully paid and will rank *pari passu* in all respects with the Takeda Shares in issue on the Scheme Effective Date, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling on or after the Scheme Effective Date.

(C) Takeda shall procure that the New Takeda ADSs issued pursuant to this Scheme will rank *pari passu* in all respects with any Takeda ADSs in issue on the Scheme Effective Date, including the right to receive and retain cash and other distributions, made or paid by reference to a record date falling on or after the Scheme Effective Date (save that CDIs representing New Takeda ADSs shall not carry any voting rights in Takeda), but shall in any event be issued subject to the terms of the Takeda Deposit Agreement.

(D) Subject to Clause 2(E), if any dividend and/or other distribution or return of capital is announced, declared, made or paid by the Company in respect of a Scheme Share (other than a Permitted Dividend) or in an amount in excess of a Permitted Dividend after May 8, 2018 and before the Scheme Effective Date, Takeda shall be entitled to reduce the amount of Consideration payable in respect of each Scheme Share:

- (i) in the case of an Ordinary Course Dividend in an amount in excess of a Permitted Dividend, by an amount equivalent to all or any part of such excess (calculated, for the avoidance of doubt, on a per Scheme Share basis); or
- (ii) in the case of any dividend and/or other form of distribution or return of capital which is not a Permitted Dividend, by the amount of all or part of any such dividend and/or other form of distribution or return of capital (calculated, for the avoidance of doubt, on a per Scheme Share basis).

(E) Notwithstanding the provisions of Clause 2(D), holders of Scheme Shares shall be entitled to receive and retain any dividends announced, declared, made or paid by Shire, in each case in the ordinary course (including as to amount and on usual biannual declaration, record and payment dates), in respect of any completed six-month period ending June 30 or December 31

before the Scheme Effective Date (each an “**Ordinary Course Dividend**”). Such Ordinary Course Dividends shall not exceed:

- (i) 34.51 US\$ cents per Ordinary Share for the six-month period ending December 31, 2018 (such that the total for the 12-month period ending December 31, 2018 does not exceed 40.11 US\$ cents per Ordinary Share);
- (ii) in respect of any subsequent six-month period ending June 30, an amount representing not more than 110 per cent. of the dividend per Ordinary Share paid in respect of the six-month period ending June 30, 2018; and
- (iii) in respect of any subsequent six-month period ending December 31, an amount, when taken in aggregate with any amount paid for the six-month period ending June 30 in the same financial year, representing not more than 115 per cent. of the total dividend per Ordinary Share paid in respect of the year ending December 31, 2018,

(each Ordinary Course Dividend that is permissible under these criteria being a “**Permitted Dividend**”), without any consequential reduction in the Consideration payable by Takeda in respect of each Scheme Share under the Scheme. Takeda has agreed and acknowledged that on October 19, 2018, the Company paid an interim dividend of 5.60 US\$ cents per Ordinary Share in respect of the six-month period ended June 30, 2018, which constituted a Permitted Dividend.

- (F) Holders of Ordinary Shares appearing in the register of members either at the Scheme Record Time, or at any earlier record time or times as may be determined by the directors of the Company, will be entitled to receive and retain Permitted Dividends (including after this Scheme has become Effective and notwithstanding the transfer of the Scheme Shares to Takeda or its nominee(s) referred to in Clause 1(B)) without any consequential reduction in the Consideration payable by Takeda in respect of each Scheme Share (under the terms of the Scheme and the Company and (where applicable) Takeda shall do all things necessary to give effect to this Clause 2(F)).
- (G) If Takeda exercises the right referred to in Clause 2(D) to reduce the Consideration by: (x) all or part of the amount of any dividend (and/or other form of distribution or return of capital) announced, declared, made or paid by the Company, which is not a Permitted Dividend; or (y) an amount of any Ordinary Course Dividend that is in excess of the amount of a Permitted Dividend:
 - (i) holders of Ordinary Shares appearing on the register of members at the relevant record time as determined by the directors of the Company will be entitled to receive and retain that dividend (and/or other form of distribution or return of capital) in respect of the Ordinary Shares they held at such record time;
 - (ii) any reference in this Scheme and the Scheme Circular to the Consideration payable under the Scheme shall be deemed a reference to the Consideration as so reduced; and
 - (iii) the exercise of such rights shall not be regarded as constituting any revision or variation of the terms of the Scheme.

3. Overseas shareholders

- (A) The provisions of Clause 2, Clause 4, Clause 5 and Clause 6 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is resident, located or has a registered address in a jurisdiction outside Jersey or the United Kingdom, Takeda is advised that:
 - (i) the law of a country or territory outside Jersey or the United Kingdom precludes:

- (a) the allotment, issue and/or delivery to that Scheme Shareholder of New Takeda Shares and/or New Takeda ADSs in accordance with Clause 4; and/or
 - (b) the provision to that Scheme Shareholder of the right to make an Election in accordance with Clause 5 and Clause 6; or
- (ii) the law of a country or territory outside Jersey or the United Kingdom precludes either or both of the matters referred to by Clause 3(A)(i)(a) and/or Clause 3(A)(i)(b), except after compliance by the Company or Takeda (as the case may be) with any governmental or other consent or any registration, filing or other formality with which the Company and/or Takeda (as the case may be) is unable to comply or compliance with which the Company and/or Takeda (as the case may be) regards as unduly onerous,

then:

- (iii) in the case of Clause 3(A)(i)(a) and Clause 3(A)(ii) (insofar as it applies to Clause 3(A)(i)(a)), Takeda may determine in its sole discretion that any such New Takeda Shares and/or New Takeda ADSs shall not be allotted, issued and delivered to such Scheme Shareholder but instead the New Takeda Shares and/or the New Takeda Shares that would otherwise represent the New Takeda ADSs (as applicable) shall be allotted and issued to a nominee, appointed by Takeda, for such Scheme Shareholder, on terms that the nominee shall be authorised on behalf of such Scheme Shareholder to procure that such New Takeda Shares shall, as soon as practicable following the Scheme Effective Date, be sold on behalf of such Scheme Shareholder in accordance with the Sales Policy and any sale under this Clause 3(A) shall be carried out at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deductions specified in the Sales Policy) shall be paid to such Scheme Shareholder in US Dollars by making a payment to such Scheme Shareholder in accordance with Clause 6. In the absence of bad faith or wilful default, none of the Company, Takeda or any broker or agent of either of them shall have any liability for any loss arising as a result of the timing or terms of any such sale; and
 - (iv) in the case of Clause 3(A)(i)(b) and Clause 3(A)(ii) (insofar as it applies to Clause 3(A)(i)(b)), Takeda may determine in its sole discretion that the provision to that Scheme Shareholder of the right to make an Election in accordance with Clause 5 and Clause 6 shall not apply.
- (B) In the case of a Scheme Shareholder who is resident, located or has a registered address in a jurisdiction where the extension or availability of the Scheme would breach any applicable law or to whom Clause 3(A) applies, no Securities Election or Currency Election made by such Scheme Shareholder shall be of any effect and the omission to send a Form of Election to such Scheme Shareholder or to recognise any Election made by such Scheme Shareholder shall not constitute a breach by the Company or Takeda of any of their respective obligations under this Scheme.
- (C) Neither Takeda nor the Company will be liable to any Scheme Shareholder in respect of any omission or denial pursuant to this Clause 3 or any determination made hereunder.

4. Allotment and issue of New Takeda Shares and New Takeda ADSs

Immediately after the Scheme becomes Effective, Takeda shall:

- (A) make all such allotments of, and shall issue, such New Takeda Shares; and
- (B) procure all such allotments of, and procure the issue of, such New Takeda ADSs,

as are required to be issued pursuant to this Scheme to the persons respectively entitled thereto, such consideration to be settled as set out in Clause 6 and in accordance with the Elections of each Scheme Shareholder.

5. Elections

- (A) Subject to the terms and conditions set out in this Scheme, each Scheme Shareholder (other than a Restricted Scheme Shareholder) may:
- (i) elect to hold the New Takeda Shares which such Scheme Shareholder is entitled to receive as Consideration for some or all of its Scheme Shares in accordance with Clause 2 in their own JASDEC Account, by making a valid JASDEC Election;
 - (ii) in the case of a Scheme Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to hold the New Takeda Shares which such Scheme Shareholder is entitled to receive as Consideration for some or all of its Scheme Shares in accordance with Clause 2 through the Corporate Nominee Facility, subject to the Corporate Nominee Facility Terms and Conditions, by making a valid Corporate Nominee Election;
 - (iii) elect under the ADS Election Facility to receive 1.678 New Takeda ADSs or, in the case of a Scheme Shareholder who makes a valid ADS Election to receive CDIs representing New Takeda ADSs before the TTE Instruction Return Time and who holds Scheme Shares in uncertificated form as at the Scheme Record Time, CDIs representing New Takeda ADSs, in each case for some or all of the Scheme Shares they hold, in lieu of the 0.839 New Takeda Shares per Scheme Share which such Scheme Shareholder would otherwise have been entitled to receive, as Consideration in accordance with Clause 2, subject to the terms and conditions applicable to the New Takeda ADSs, by making a valid ADS Election; or
 - (iv) in the case of a Scheme Shareholder who holds 200 or fewer Scheme Shares in certificated form as at the Scheme Record Time and has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect under the Dealing Facility to have all of the New Takeda Shares which such Scheme Shareholder is entitled to receive as Consideration for their Scheme Shares in accordance with Clause 2 sold on their behalf under the Dealing Facility and the net proceeds of such sale remitted to the Scheme Shareholder in pounds Sterling, subject to the Dealing Facility Terms and Conditions, by making a valid Dealing Facility Election.
- (B) Subject to the terms and conditions set out in this Scheme (including, without limitation, Clause 5(C)), each Scheme Shareholder (other than a Restricted Scheme Shareholder) may elect under the Currency Conversion Facility to receive some or all of the cash portion of the Consideration which is payable to them in accordance with Clause 2 in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable average market exchange rate obtained by Takeda through a series of market transactions over one or more Business Days following the Scheme Record Time (but before the relevant payment date specified pursuant to the terms of this Scheme), by making a valid Currency Election.
- (C) Notwithstanding Clause 5(B), each Scheme Shareholder who holds Scheme Shares in certificated form and has a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time shall be deemed to have made a valid Currency Election to receive the entire cash portion of the Consideration which is payable to them in accordance with Clause 2 instead paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable average market exchange rate obtained by Takeda through a series of market transactions over one or more Business Days following the Scheme Record Time (but before the relevant payment date), unless such Scheme Shareholder validly opts out of the Currency Conversion Facility in accordance with the instructions included in the Scheme Circular.
- (D) Each Election will only be accepted under the Scheme in respect of a whole number of Scheme Shares. Any Election which is made in respect of a number of Scheme Shares which is not a

whole number shall be deemed to be made in respect of the nearest whole number of Scheme Shares when rounded down.

- (E) A Scheme Shareholder may (if entitled to make Securities Elections pursuant to this Scheme) make a single JASDEC Election, a single Corporate Nominee Election and/or a single ADS Election in respect of some or all of their holding of Scheme Shares, but is not permitted to make multiple JASDEC Elections, multiple Corporate Nominee Elections and/or multiple ADS Elections in respect of any part of their holding of Scheme Shares.
- (F) A Scheme Shareholder (if entitled to make a Dealing Facility Election pursuant to this Scheme) may make a Dealing Facility Election in respect of their entire holding of Scheme Shares only. In the event that a Scheme Shareholder makes a valid Dealing Facility Election, but for compliance with this Clause 5(F), then such Scheme Shareholder shall be deemed to have made a valid Dealing Facility Election in respect of their entire holding of Scheme Shares and any other Securities Election purported to have been made by such Scheme Shareholder shall be invalid.
- (G) A Scheme Shareholder (if entitled to make a Currency Election pursuant to this Scheme) may make a Currency Election in respect of all or part of their holding of Scheme Shares.
- (H) If a Scheme Shareholder has made a valid Election in respect of their entire holding of Scheme Shares by: (i) making a valid Currency Election using a Form of Election; (ii) marking "ALL" in the relevant part of an applicable Form of Election in respect of a valid JASDEC Election, Corporate Nominee Election or ADS Election; or (iii) by making a valid Dealing Facility Election, then the validity of such Election shall not be affected by any increase or decrease in the number of Scheme Shares held by the Scheme Shareholder at any time before the Scheme Record Time. Accordingly, such Election shall apply in respect of all of the Scheme Shares which the Scheme Shareholder holds at the Scheme Record Time.
- (I) If a Scheme Shareholder has made one or more valid Elections in respect of a specified number of Scheme Shares and, at Scheme Record Time, the number of Scheme Shares held by that Scheme Shareholder is:
 - (i) equal to, or greater than, the aggregate number of Scheme Shares to which such Election(s) relates, then:
 - (a) the validity of the Election(s) made by the Scheme Shareholder shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder in the period before the Scheme Record Time; and
 - (b) such Election(s) will apply only in respect of the number of Scheme Shares specified in the relevant Form of Election and/or TTE Instruction (as applicable) and those Scheme Shares which are not the subject of a valid Election shall be dealt with in accordance with Clause 5(R); or
 - (ii) less than the aggregate number of Scheme Shares to which such Election(s) relates, then:
 - (a) the validity of the Election(s) made by the Scheme Shareholder shall not be affected by any alteration in the number of Scheme Shares held by the Scheme Shareholder in the period before the Scheme Record Time;
 - (b) if the relevant Election is a Currency Election, such Scheme Shareholder shall be treated as having made the Currency Election in respect of their entire holding of Scheme Shares;
 - (c) if the relevant Election is a Securities Election and the Scheme Shareholder has made only a single valid Securities Election, such Scheme Shareholder shall be treated as having made such Securities Election in respect of their entire holding of Scheme Shares; and

- (d) subject to Clause 5(J), if the relevant Election is a Securities Election and the Scheme Shareholder has made more than one valid Securities Election, then the relevant Securities Elections shall apply pro rata in respect of all of the Scheme Shares which the Scheme Shareholder holds at the Scheme Record Time.
- (J) In the event that a pro rata reduction is applied in respect of an Election pursuant to Clause 5(I)(ii)(d) and such reduction would result in the apportionment of a fraction of a Scheme Share between two or more Election options, the number of Scheme Shares apportioned to each such Election option shall be rounded down to the nearest whole number and any fractions resulting therefrom shall be aggregated and:
 - (i) subject to the relevant Scheme Shareholder having made a valid ADS Election in respect of some of their holding of Scheme Shares, any such whole Scheme Shares resulting therefrom shall be treated as having been the subject of a valid ADS Election; or
 - (ii) in the event that the relevant Scheme Shareholder has not made a valid ADS Election in respect of some of their holding of Scheme Shares, any such Scheme Shares resulting therefrom shall be treated as having been the subject of a valid JASDEC Election.
- (K) Elections made by Scheme Shareholders who hold their Scheme Shares in certificated form shall be made by completion of a Certificated Form of Election which shall be executed by the Scheme Shareholder or their duly authorised agent (or, in the case of a body corporate, executed by an authorised representative) and in the case of joint holders in like manner by or on behalf of all such holders. To be valid, the Certificated Form of Election must be completed and returned by post or by hand (during normal business hours only) in accordance with the instructions printed thereon so as to arrive by not later than the Election Return Time at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom.
- (L) Elections made by Scheme Shareholders who hold their Scheme Shares in uncertificated form shall be made:
 - (i) in respect of a Securities Election (other than an ADS Election to receive CDIs representing New Takeda ADSs), by completion of a CREST Form of Election which shall be executed by the Scheme Shareholder or their duly authorised agent (or, in the case of a body corporate, executed by an authorised representative) and in the case of joint holders in like manner by or on behalf of all such holders. To be valid, the CREST Form of Election must be completed and returned by post or by hand (during normal business hours only) in accordance with the instructions printed thereon so as to arrive by not later than the Election Return Time at Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom;
 - (ii) in respect of an ADS Election to receive CDIs representing New Takeda ADSs, by way of TTE Instruction. To be valid, the TTE Instruction must be made and received by not later than the TTE Instruction Return Time; and
 - (iii) in respect of a Currency Election, by way of TTE Instruction. To be valid, the TTE Instruction must be made and received by not later than the TTE Instruction Return Time.
- (M) Upon execution and delivery by a Scheme Shareholder of a valid Form of Election or the making of a valid TTE Instruction, such holder shall be bound by the terms and provisions contained in such Form of Election or TTE Instruction (as the case may be) and by the terms and provisions of this Scheme.
- (N) If a Form of Election is received after the Election Return Time or a TTE Instruction is received after the TTE Instruction Return Time or is received before the Election Return Time or TTE Instruction Return Time (as applicable) but is not, or is deemed not to be, valid or complete in all respects at the applicable time, then such Election shall be void unless the Company and

Takeda, in their absolute discretion (but in accordance with Clause 6(B)(vi) (if applicable)), determine to treat it as valid whether in whole or in part.

- (O) A Form of Election duly completed and delivered or TTE Instruction made and submitted, in each case in accordance with this Clause 5, may be withdrawn:
 - (i) for those Scheme Shareholders who have returned a Form of Election, by notice to the Receiving Agent in writing, to be received by no later than 1.00 p.m. on the Business Day immediately prior to the date on which the Election Return Time falls; and
 - (ii) for those Scheme Shareholders who have submitted a TTE Instruction, by submission of a valid ESA Instruction by no later than 1.00 p.m. on the Business Day immediately prior to the date on which the Scheme Record Time falls.
- (P) Any Election(s) made by a Scheme Shareholder will not affect the entitlements of Scheme Shareholders who do not make any such Election(s).
- (Q) Restricted Scheme Shareholders shall not be entitled to make any Election(s).
- (R) Scheme Shareholders who do not make a valid Securities Election in accordance with this Clause 5 in respect of all of their Scheme Shares will become entitled, in respect of each Scheme Share in relation to which no such Securities Election has been made, to the New Takeda Shares which are to be issued as Consideration for such Scheme Shares pursuant to Clause 2, however such New Takeda Shares shall be held in the Settlement Account until the occurrence of the earlier of the events specified in Clause 6(B)(vi).

6. Settlement

- (A) Settlement of the cash portion of the Consideration shall be effected as follows:
 - (i) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, payment of the cash portion of the Consideration payable to such Scheme Shareholder in accordance with Clause 2 shall be settled by Takeda:
 - (a) to the extent that a Scheme Shareholder has instructed and set up a standing electronic payment mandate with the Registrar for the purpose of receiving dividend payments from the Company in pounds Sterling and subject to such Scheme Shareholder having made (or being deemed to have made) a valid Currency Election to receive their entitlement to Consideration in pounds Sterling, by way of an electronic BACs transfer for the amount payable to the relevant Scheme Shareholder to such account as is indicated in such standard electronic payment mandate; and
 - (b) in all other cases, in US Dollars or pounds Sterling (as applicable in accordance with the Currency Election made (or deemed to have been made) by such Scheme Shareholder) by cheque for the amount payable to the relevant Scheme Shareholder drawn on a branch of a UK clearing bank.

Electronic BACs transfers shall be made, and cheques shall be despatched, as soon as practicable on or after the Scheme Effective Date, and in any event within 14 calendar days of the Scheme Effective Date; and

- (ii) where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, payment of the cash portion of the Consideration payable to such Scheme Shareholder in accordance with Clause 2 shall be paid by means of CREST, in accordance with the Currency Election made by such Scheme Shareholder, by Takeda procuring that Euroclear is instructed to create an assured payment obligation in favour of the Scheme Shareholder's payment bank in respect of the cash portion of the Consideration due to them as soon as practicable on or after the Scheme Effective Date

and in any event within 14 calendar days of the Scheme Effective Date, in accordance with the CREST assured payment arrangements, provided that: (a) Takeda shall not be responsible for any delay in settlement as a result of a failure by a Scheme Shareholder to ensure that it has an active US Dollar cash memorandum account in place in CREST at the Scheme Record Time; and (b) Takeda reserves the right to make such payment by way of electronic BACs transfer or cheque as set out in Clause 6(A)(i) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 6(A)(ii).

(B) Settlement of the New Takeda Securities shall be effected as follows:

- (i) as soon as practicable following the Scheme Effective Time, Takeda shall procure that the total number of New Takeda Shares to be allotted and issued in consideration for the transfer of the Scheme Shares in accordance with Clause 2, together with the maximum whole number of New Takeda Shares resulting from the aggregation of fractional entitlements pursuant to Clause 7, shall be allotted, issued and recorded to the Settlement Account. Each Scheme Shareholder is deemed to appoint the Fiduciary as its nominee for such purpose to receive and hold the New Takeda Shares through the Settlement Account pending settlement in accordance with the remainder of this Clause 6(B);
- (ii) in the case of Scheme Shareholders who have made a valid JASDEC Election and subject always to the provisions of Clause 7 with respect to fractional entitlements, Takeda shall procure that the New Takeda Shares which such Scheme Shareholders are entitled to receive as Consideration for the Scheme Shares in respect of which they have made such JASDEC Election are delivered from the Settlement Account to the Scheme Shareholder's designated JASDEC Account as soon as practicable on or after the Scheme Effective Date and in any event by no later than the date which is 14 calendar days after the Scheme Effective Date (but provided that Takeda shall not be responsible for any delay in delivery of New Takeda Shares caused by the failure of an AMI to record delivery of any New Takeda Shares);
- (iii) in the case of Scheme Shareholders who have made a valid Corporate Nominee Election and subject always to the provisions of Clause 7 with respect to fractional entitlements, Takeda shall procure that the Fiduciary, acting as nominee for the relevant Scheme Shareholders, records the relevant number of New Takeda Shares which such Scheme Shareholders are entitled to receive as Consideration for the Scheme Shares in respect of which such Scheme Shareholder has made such Corporate Nominee Election to the relevant Scheme Shareholder's Personal Sub-Account and posts a statement of entitlement detailing the number of New Takeda Shares held by each such Scheme Shareholder in their Personal Sub-Account to that Scheme Shareholder as soon as practicable thereafter and in any event by no later than the date which is 14 calendar days after the Scheme Effective Date;
- (iv) in the case of Scheme Shareholders who have made a valid ADS Election and subject always to the provisions of Clause 7 with respect to fractional entitlements, Takeda shall procure that the New Takeda Shares which such Scheme Shareholders would otherwise be entitled to receive as Consideration for the Scheme Shares in respect of which they have made such ADS Election are delivered from the Settlement Account to the Takeda Depository's JASDEC Account and that either:
 - (a) the Takeda Depository delivers two New Takeda ADSs to each such Scheme Shareholder in respect of each such New Takeda Share which such Scheme Shareholder would otherwise have been entitled to receive as Consideration for Scheme Shares in respect of which they have made a valid ADS Election under this Scheme, in accordance with the terms of the Takeda Deposit Agreement; or
 - (b) where the Scheme Shareholder holds their Scheme Shares in uncertificated form and has made a valid ADS Election to receive CDIs representing New Takeda ADSs,

the Takeda Depository effects the credit of two New Takeda ADSs (in respect of each such New Takeda Share which such Scheme Shareholder would otherwise have been entitled to receive as Consideration for Scheme Shares in respect of which they have made a valid ADS Election under this Scheme) through DTC to the securities deposit account of CREST International Nominees Limited as nominee for CREST Depository Limited, which will then issue the CDIs representing New Takeda ADSs through CREST to the Registrar for delivery to the securities deposit account in CREST in which such Scheme Shareholder previously held Scheme Shares,

in each case, as soon as practicable on or after the Scheme Effective Date and in any event by no later than the date which is 14 calendar days after the Scheme Effective Date, provided that neither Takeda nor the Takeda Depository shall be responsible for any delay in the delivery of New Takeda ADSs due to: (i) in respect of an ADS Election to receive New Takeda ADSs through DTC, the provision of incomplete or incorrect DTC delivery details by a Scheme Shareholder or any failure by a DTC participant to input valid instructions to receive delivery of the New Takeda ADSs free of payment; and (ii) in respect of an ADS Election to receive New Takeda ADSs through the direct registration system, the provision of insufficient personal information by a Scheme Shareholder to enable the Takeda Depository to register the entitlement of such Scheme Shareholder to New Takeda ADSs through the direct registration system.

- (v) in the case of Scheme Shareholders who have made a valid Dealing Facility Election and subject always to the provisions of Clause 7 with respect to fractional entitlements, Takeda shall procure that all of the New Takeda Shares which such Scheme Shareholders are entitled to receive as Consideration for their Scheme Shares are sold in the market on behalf of such Scheme Shareholders and the net proceeds of sale are paid to such Scheme Shareholders in pounds Sterling by cheque for the amount payable to the relevant Scheme Shareholder drawn on a branch of a UK clearing bank (such cheques to be despatched as soon as practicable on or after the Scheme Effective Date, and in any event within 14 calendar days of the Scheme Effective Date), in each case in accordance with the terms of the Dealing Facility Terms and Conditions and the Sales Policy; and
- (vi) in the case of Scheme Shareholders who do not make a valid Securities Election in accordance with Clause 5 in respect of all of their Scheme Shares, Takeda shall procure that the New Takeda Shares which such Scheme Shareholders are entitled to receive in accordance with Clause 5(R) as Consideration for those of their Scheme Shares in respect of which no valid Securities Election has been made are allotted and issued to the Settlement Account and are recorded to the No Action Sub-Account and held by the Representative as bare trustee for the relevant Scheme Shareholders, until the earlier of:
 - (a) the delivery of a valid Securities Election by such Scheme Shareholder in accordance with Clause 5 in relation to the action which should be taken in respect of the New Takeda Shares (in which case Takeda shall procure that the Representative shall procure that such action shall be taken as is required in order to give effect to such Securities Election as soon as practicable after such Securities Election is validly made). For the purposes of this Clause 6(B)(vi)(a), any Securities Election submitted by a relevant Scheme Shareholder shall apply as an instruction to the Representative in relation to the action which should be taken in respect of the New Takeda Shares which are held by the Representative as bare trustee for the relevant Scheme Shareholder; and
 - (b) the date which falls three months from the Scheme Effective Date (in which case Takeda shall procure that the Representative, on behalf of the relevant Scheme Shareholders, shall procure that such New Takeda Shares are sold in the market as soon as practicable thereafter in accordance with the Sales Policy and that the net

proceeds of sale (after the deductions specified in the Sales Policy and rounded down to the nearest whole cent or penny, as applicable) are paid in due proportion to the relevant Scheme Shareholders in: (i) pounds Sterling, in the case of Scheme Shareholders who held their Scheme Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time; and (ii) US Dollars, in the case of all other Scheme Shareholders).

If any dividends are declared, made or paid on such New Takeda Shares by reference to a record date falling after the Scheme Record Date but before such New Takeda Shares are: (i) transferred out of the No Action Sub-Account or sold through the Dealing Facility in each case pursuant to a valid Securities Election; or (ii) sold in the market pursuant to the Sales Policy, such dividends shall be received by the Fiduciary on behalf of the Representative acting as bare trustee for the relevant Scheme Shareholders and Takeda shall procure that such action shall be taken as is required in order that such dividends are paid to the relevant Scheme Shareholders in: (a) pounds Sterling, in the case of Scheme Shareholders who held their Scheme Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time; and (b) US Dollars, in the case of all other Scheme Shareholders, in each case converted at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate prior to the date of payment to the Scheme Shareholder and net of any applicable customary transaction and dealing costs associated with the conversion.

- (C) Payment of any amounts to which a Scheme Shareholder is entitled under Clause 6(B)(vi) shall be made in accordance with Clause 6(A)(i).
- (D) Scheme Shareholders who do not make a valid Securities Election in accordance with Clause 5 in respect of all of their Scheme Shares are deemed, in respect of all of the New Takeda Shares which such Scheme Shareholders are entitled to receive as Consideration for those of their Scheme Shares in respect of which no valid Securities Election has been made, to appoint the Representative to perform all such actions as are necessary or desirable for the purposes of effecting settlement of the New Takeda Shares in accordance with Clause 6(B)(vi), including, without limitation:
 - (i) to hold the relevant New Takeda Shares in the No Action Sub-Account pending their sale in accordance with the Sales Policy or the submission of a valid Securities Election;
 - (ii) to give instructions to the Fiduciary regarding the sale or any action to be taken to give effect to a valid Securities Election; and
 - (iii) to receive notices in respect of the New Takeda Shares and to exercise any other rights exercisable by, or perform any actions required of, a holder of such New Takeda Shares in order to comply with applicable laws, provided always that the Representative shall hold the relevant New Takeda Shares as bare trustee for the relevant Scheme Shareholders.
- (E) All sales of New Takeda Shares to be procured by Takeda, the Representative or the Fiduciary as contemplated by this Scheme shall be carried out in accordance with the Sales Policy and all Scheme Shareholders are deemed to acknowledge and consent to the matters set out in such Sales Policy.
- (F) All deliveries of notices, statements of entitlement and/or cheques required to be made under this Scheme shall be made by sending the same by first class post to addresses within the United Kingdom or international standard post to addresses outside the United Kingdom (as applicable) from the United Kingdom (or by such other method as may be approved by the Panel) addressed to the person entitled thereto to the address appearing in the register of members of the Company or, in the case of joint holders, to the address of the holder whose name stands first in such register in respect of the joint holding concerned at such time.

- (G) All payments made by way of electronic BACs transfer as authorised or permitted under the terms of this Scheme shall be paid to the Scheme Shareholder concerned using the account details indicated in the standing electronic payment mandate set up by such Scheme Shareholder with the Registrar and the transfer of such amount by way of electronic BACs transfer shall be a complete discharge to Takeda for the monies represented thereby.
- (H) All cheques shall be made payable to the Scheme Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of the Company in respect of the joint holding concerned at the Scheme Record Time and the encashment of any such cheque or the creation of any such assured payment obligation as is referred to in Clause 6(A)(ii) shall be a complete discharge to Takeda for the monies represented thereby.
- (I) Neither the Company nor Takeda shall be responsible for any loss or delay in the transmission of the statements of entitlement or cheques sent to Scheme Shareholders in accordance with this Clause 6, which shall be posted at the risk of each such Scheme Shareholder.
- (J) The monies to be transferred by Takeda or its nominee(s) referred to in Clause 1(B) (as applicable) to the Receiving Agent for the purposes of satisfying the obligations of Takeda or its nominee(s) referred to in Clause 1(B) (as applicable) to pay the consideration due and payable to the Scheme Shareholders under and in accordance with the terms of the Scheme shall be held by the Receiving Agent solely for that purpose and Takeda or its nominee(s) referred to in Clause 1(B) (as applicable) undertakes that it will not seek, require or accept repayment of the monies paid to the Receiving Agent for the purposes detailed above prior to the first business day after the twelfth anniversary of the date on which this Scheme becomes Effective or otherwise with the permission of the Court.

7. Fractional entitlements

- (A) Minor adjustments to the entitlements of Scheme Shareholders pursuant to any Securities Election may be made by the Receiving Agent with the prior consent of the Company and Takeda on such terms as the Company and Takeda consider to be fair and reasonable. Such adjustments shall be final and binding on all Scheme Shareholders.
- (B) Subject to Clause 7(A):
 - (i) the aggregate number of New Takeda Shares which a Scheme Shareholder is entitled to receive pursuant to Clause 2 in respect of any Scheme Shares in respect of which it has made a valid JASDEC Election, a valid Corporate Nominee Election or a valid Dealing Facility Election shall be rounded down to the nearest whole number; and
 - (ii) the aggregate number of New Takeda ADSs, including New Takeda ADSs underlying CDIs representing New Takeda ADSs, which a Scheme Shareholder is entitled to receive pursuant to Clause 2 in respect of any Scheme Shares in respect of which it has made a valid ADS Election shall be rounded down to the nearest whole number.
- (C) No fractions of New Takeda Shares shall be allotted to any Scheme Shareholder, however, any resulting fractional entitlements in respect of New Takeda Shares shall be aggregated and Takeda shall procure that the maximum whole number of New Takeda Shares resulting therefrom shall be allotted and issued to the Settlement Account pursuant to Clause 6(B)(i) and recorded to a sub-account opened with the Fiduciary in the name of the Representative who shall hold the relevant New Takeda Shares as a bare trustee for the relevant Scheme Shareholders. Takeda shall procure that such New Takeda Shares are sold in the market as soon as practicable on or after the Scheme Effective Date in accordance with the Sales Policy and that the net proceeds of sale (after the deductions specified in the Sales Policy) are paid in due proportion to the Scheme Shareholders entitled to them in the same currency as the cash portion of the Consideration payable to such Scheme Shareholders pursuant to Clause 6(A), provided that if a Scheme Shareholder has made a valid Currency Election to receive some of the cash portion of the Consideration which is payable to them in accordance with Clause 2 in pounds Sterling, any

amounts falling due pursuant to this Clause 7(C) shall be paid to that Scheme Shareholder in pounds Sterling.

- (D) No fractions of New Takeda ADSs shall be allotted to any Scheme Shareholder, however, any resulting fractional entitlements in respect of New Takeda ADSs shall be aggregated and Takeda shall procure that the maximum whole number of New Takeda Shares which represent such New Takeda ADSs shall be allotted and issued to the Settlement Account pursuant to Clause 6(B)(i) and recorded to a sub-account opened with the Fiduciary in the name of the Representative who shall hold the relevant New Takeda Shares as a bare trustee for the relevant Scheme Shareholders. Takeda shall procure that such New Takeda Shares are sold in the market as soon as practicable following the Effective Date in accordance with the Sales Policy and that the net proceeds of sale (after the deductions specified in the Sales Policy) are paid in due proportion to the Scheme Shareholders entitled to them in the same currency as the cash portion of the Consideration payable to such Scheme Shareholders pursuant to Clause 6(A), provided that if a Scheme Shareholder has made a valid Currency Election to receive some of the cash portion of the Consideration which is payable to them in accordance with Clause 2 in pounds Sterling, any amounts falling due pursuant to this Clause 7(D) shall be paid to that Scheme Shareholder in pounds Sterling.
- (E) All relevant Scheme Shareholders are deemed to appoint the Representative as bare trustee to perform all such actions as are necessary or desirable for the purposes of effecting the sale of the New Takeda Shares in accordance with this Clause 7, including, without limitation: (i) to hold the relevant New Takeda Shares in the Settlement Account pending their sale in accordance with the Sales Policy; (ii) to give instructions to the Fiduciary regarding the sale of such New Takeda Shares in accordance with the Sales Policy; and (iii) to receive notices in respect of the New Takeda Shares and to exercise any other rights exercisable by, or perform any actions required of, a holder of such New Takeda Shares under applicable laws, provided always that the Representative shall hold the relevant New Takeda Shares as bare trustee for the relevant Scheme Shareholders.
- (F) Payment of any amounts to which a Scheme Shareholder is entitled under Clause 7(C) and/or Clause 7(D) shall be made in accordance with Clause 6(A)(i) or Clause 6(A)(ii), as appropriate.

8. Share certificates and cancellation of CREST entitlements

With effect from, or, in the case of Clause 8(D) only as soon as practicable after, the Scheme Effective Date:

- (A) all certificates representing Scheme Shares shall cease to be valid as documents of title to the Scheme Shares represented thereby and every Scheme Shareholder holding certificated Scheme Shares shall be bound at the request of the Company to deliver up their certificate(s) relating to Scheme Shares to the Company (or any other person appointed by the Company to receive the same) or to destroy the same;
- (B) Euroclear shall be instructed to cancel or transfer the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form;
- (C) following the cancellation of the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form, the Registrar shall be authorised to rematerialise entitlements to such Scheme Shares; and
- (D) the Company shall procure that, subject to the completion of any form of transfer or other instrument or instruction of transfer as may be required, appropriate entries are made in the register of members of the Company to reflect the transfer of the Scheme Shares to Takeda and/or its nominee(s) pursuant to Clause 2.

9. Mandates

- (A) All mandates and other instructions, including communications preferences, but excluding any mandate in respect of the Company's income access arrangements which allow Scheme Shareholders to receive dividends from a subsidiary of the Company that is tax resident in the United Kingdom, which have been given to the Company by Scheme Shareholders who have made a Corporate Nominee Election in respect of some or all of their Scheme Shares and which remain in force at the Scheme Record Time in respect of their Scheme Shares shall, unless and until revoked or amended, be deemed from the Scheme Effective Date to be valid and effective mandates or instructions to Takeda in relation to the New Takeda Shares held through the Corporate Nominee Facility.
- (B) Other than as set out in Clause 9(A) and as required in relation to the settlement of Consideration pursuant to the terms of this Scheme, all mandates and other instructions (including, without limitation, any mandate in respect of the Company's income access arrangements which allow Scheme Shareholders to receive dividends from a subsidiary of the Company that is tax resident in the United Kingdom) given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, from the Scheme Effective Date, cease to be valid.

10. Effective time

- (A) This Scheme shall become effective in accordance with its terms as soon as a copy of the Court Order shall have been delivered to the Registrar of Companies for registration.
- (B) Unless this Scheme shall have become Effective on or before May 8, 2019, or such later date, if any, as the Company and Takeda may agree with the Panel's consent, and the Court may allow, this Scheme shall never become Effective.
- (C) If this Scheme does not become Effective, any Election made shall cease to be valid.

11. Modification

The Company and Takeda may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition that the Court may approve or impose.

12. Governing law

- (A) This Scheme is governed by Jersey law and is subject to the exclusive jurisdiction of the Court. The rules of the Code apply to this Scheme on the basis provided in the Code.
- (B) The Forms of Election, all TTE Instructions and all Elections thereunder, and all action taken or made, or deemed to be taken or made, pursuant to any of the terms of this Scheme, shall be governed by and interpreted in accordance with Jersey law and shall be subject to the jurisdiction of the Court.
- (C) Execution of a Form of Election or the making of a TTE Instruction by or on behalf of a Scheme Shareholder shall constitute such Scheme Shareholder's agreement that the Court is (subject to Clause 12(D)) to have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with any of the Forms of Election or TTE Instructions, and for such purposes that such Scheme Shareholder irrevocably submits to the jurisdiction of the Court.
- (D) Execution of a Form of Election or the making of a TTE Instruction by or on behalf of a Scheme Shareholder shall constitute such Scheme Shareholder's agreement that Clause 12(C) is included for the benefit of Takeda, the Company and their respective agents and, accordingly, notwithstanding Clause 12(C), each of Takeda, the Company and their respective agents shall retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction, and that electing Scheme Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

Dated November 12, 2018

PART IV

CONDITIONS TO, AND FURTHER TERMS OF, THE IMPLEMENTATION OF THE SCHEME AND THE ACQUISITION

Part A: Conditions of the Scheme and the Acquisition

Long Stop Date

1. The Acquisition is conditional upon the Scheme becoming unconditional and effective, subject to the Takeover Code, by not later than the Long Stop Date.

Scheme approval

2. The Scheme is subject to the following conditions:
 - (a) its approval by a majority in number representing at least 75 per cent. of the voting rights of the Shire Shareholders (other than holders of Excluded Shares) at the Voting Record Time (or the relevant class or classes thereof, if applicable) who are present and vote (and who are entitled to vote), whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court (or at any adjournment of any such meetings), such Court Meeting and any such separate class meeting to be held on or before December 27, 2018 (or such later date, if any, as may, with the consent of the Panel, be agreed by Takeda and Shire and the Court may allow);
 - (b) the Special Resolution being duly passed by the requisite majority or majorities of Shire Shareholders at the Shire General Meeting, or at any adjournment thereof, such Shire General Meeting to be held on or before December 27, 2018 (or such later date, if any, as may, with the consent of the Panel, be agreed by Takeda and Shire and the Court may allow); and
 - (c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Shire and Takeda) and the delivery of a copy of the Court Order to the Registrar of Companies for registration.

Takeda Shareholder approval

3. The Acquisition is conditional upon the passing at the Takeda Extraordinary General Meeting of the New Takeda Share Resolution.

General Conditions

4. In addition, subject as stated in Part B of this Part IV below and to the requirements of the Panel, the Acquisition is conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Admission of the New Takeda Securities

- (a) Takeda having submitted an application for listing of the New Takeda Shares to the Tokyo Stock Exchange and the Local Japanese Stock Exchanges by no later than three weeks before the Effective Date and no objection having been received from the Tokyo Stock Exchange or the Local Japanese Stock Exchanges in relation thereto (or, if received, no such objection remaining outstanding), so that the New Takeda Shares will be admitted to listing on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges with effect from their issue and will be admitted to trading on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges by no later than 14 calendar days after the Effective Date; and

- (b) confirmation having been received by Takeda that the New Takeda ADSs have been approved for listing, subject to official notice of issuance, on the New York Stock Exchange;

Antitrust clearances

European Union merger control

- (c) insofar as the Acquisition falls within the scope of Council Regulation (EC) 139/2004 (the “**Regulation**”):
 - (i) the European Commission taking a decision, on terms reasonably satisfactory to Takeda, that it shall not initiate proceedings under Article 6(1)(c) of the Regulation in relation to the Acquisition or any matter arising from or relating to the Acquisition;
 - (ii) if the European Commission makes a referral under Article 9(1) of the Regulation to the competent authorities of a National Competition Authority (“**NCA**”) of any Member State other than the UK; that NCA taking a decision, on terms reasonably satisfactory to Takeda, of equivalent effect to that set out in sub-paragraph (i) above; and
 - (iii) if the European Commission makes a referral under Article 9(1) of the Regulation to the competent UK authority (being the Competition and Markets Authority), it being established on terms satisfactory to Takeda that the Competition and Markets Authority does not intend to make a CMA Phase 2 Reference of the Acquisition or of any matter arising from or relating to the Acquisition;

United States merger control

- (d) all necessary notifications and filings having been made and all applicable waiting periods (including any extensions thereof) under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations made thereunder having expired, lapsed or been terminated as appropriate in each case in respect of the Acquisition (including, without limitation, its implementation) and the acquisition or the proposed acquisition of any shares or other securities in, or control of, Shire by Takeda or any member of the Wider Takeda Group;

Chinese merger control

- (e)
 - (i) State Administration for Market Regulation (“**SAMR**”) issuing a notice approving the Acquisition; or
 - (ii) the applicable review period pursuant to the PRC Anti-Monopoly Law, including any extension of such period, having elapsed and no prohibitions or restrictive conditions that are not on terms reasonably satisfactory to Takeda having been imposed by SAMR in relation to the Acquisition;

Japanese merger control

- (f) the waiting period under the Japanese Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of April 14, 1947, as amended) with respect to the Acquisition having expired and notification having been received from the Japan Fair Trade Commission (“**JFTC**”) of its decision not to issue a cease and desist order pursuant to Article 9 of JFTC Regulation No. 1 of 1953;

Brazilian merger control

- (g) Brazil’s Council for Economic Defence (“**CADE**”) having approved the consummation of the Acquisition unconditionally or, if approved with conditions, on such conditions as are

reasonably satisfactory to Takeda, pursuant to the Brazilian competition law No. 12529 of November 30, 2011, Title VII Chapter 3;

Notifications, waiting periods and Authorisations

- (h) other than in relation to the matters referred to in Conditions 4(a) to 4(g), all material notifications, filings or applications which are deemed necessary by Takeda having been made in connection with the Acquisition and all necessary waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Acquisition and all Authorisations deemed reasonably necessary by Takeda in any jurisdiction for or in respect of the Acquisition and the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Shire or any other member of the Wider Shire Group by any member of the Wider Takeda Group having been obtained in terms and in a form satisfactory to Takeda from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Shire Group or the Wider Takeda Group has entered into contractual arrangements and all such Authorisations necessary, appropriate or desirable to carry on the business of any member of the Wider Shire Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise effective and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

General antitrust and regulatory

- (i) other than in relation to the matters referred to in Conditions 4(a) to 4(h), no antitrust regulator or other Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
- (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Takeda Group or by any member of the Wider Shire Group of all or any material part of its businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
 - (ii) require any member of the Wider Takeda Group or the Wider Shire Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Shire Group or any asset owned by any Third Party (other than in the implementation of the Acquisition);
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider Takeda Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Shire or on the ability of any member of the Wider Shire Group or any member of the Wider Takeda Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Shire Group, to an extent which is material in the context of the Combined Group taken as a whole or material in the context of the Acquisition;

- (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider Shire Group or any member of the Wider Takeda Group;
- (v) result in any member of the Wider Shire Group or any member of the Wider Takeda Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vi) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Shire by any member of the Wider Takeda Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, materially prevent or prohibit, restrict, restrain or delay or otherwise to a material extent or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Shire by any member of the Wider Takeda Group;
- (vii) require, prevent or materially delay a divestiture by any member of the Wider Takeda Group of any shares or other securities (or the equivalent) in any member of the Wider Shire Group or any member of the Wider Takeda Group, to an extent which is material in the context of the Combined Group taken as a whole or material in the context of the Acquisition; or
- (viii) impose any material limitation on the ability of any member of the Wider Takeda Group or any member of the Wider Shire Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Takeda Group and/or the Wider Shire Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or other Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or the acquisition or proposed acquisition of any Shire Shares or otherwise intervene having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement, etc.

- (j) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Shire Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider Takeda Group of any shares or other securities (or the equivalent) in Shire or because of a change in the control or management of any member of the Wider Shire Group or otherwise, would reasonably be expected to result in, to an extent which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Shire Group being or becoming repayable, or capable of being declared repayable, immediately or before its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the

Wider Shire Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;

- (iii) any such arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or the rights, liabilities, obligations or interests of any member of the Wider Shire Group being adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iv) the rights, liabilities, obligations, interests or business of any member of the Wider Shire Group or any member of the Wider Takeda Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Shire Group or any member of the Wider Takeda Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (v) any member of the Wider Shire Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vi) the value of, or the financial or trading position or prospects of, any member of the Wider Shire Group being prejudiced or adversely affected; or
- (vii) the creation or acceleration of any liability (actual or contingent) by any member of the Wider Shire Group,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Shire Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would result in any of the events or circumstances as are referred to in Conditions 4(j)(i) to 4(j)(vii);

Certain events occurring since December 31, 2017

- (k) except as Disclosed, no member of the Wider Shire Group having since December 31, 2017:
 - (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Shire Shares out of treasury (except, where relevant, as between Shire and wholly owned subsidiaries of Shire or between the wholly owned subsidiaries of Shire and except for the issue or transfer out of treasury of Shire Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Shire Share Plans);
 - (ii) recommended, declared, made or paid or resolved to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than (i) dividends (or other distributions whether payable in cash or otherwise) lawfully made or paid by any wholly owned subsidiary of Shire to Shire or any of its wholly owned subsidiaries and (ii) Permitted Dividends declared or paid by Shire in the ordinary course before the Effective Date;
 - (iii) other than pursuant to the Acquisition (and except for transactions between Shire and its wholly owned subsidiaries or between the wholly owned subsidiaries of Shire and transactions in the ordinary course of business), implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or

propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Shire Group taken as a whole or in the context of the Acquisition;

- (iv) except for transactions between Shire and its wholly owned subsidiaries or between the wholly owned subsidiaries of Shire, and except for transactions in the ordinary course of business, disposed of, or transferred, mortgaged or created any security interest over any asset or any right, title or interest in any asset or authorised, proposed or announced any intention to do so in a manner which is material in the context of the Wider Shire Group taken as a whole or in the context of the Acquisition;
- (v) except for transactions between Shire and its wholly owned subsidiaries or between the wholly owned subsidiaries of Shire and except for transactions in the ordinary course, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness in each case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;
- (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is outside of the ordinary course and is of a long-term, unusual or onerous nature or magnitude or which is or which involves an obligation of a nature or magnitude which is materially restrictive on the Wider Shire Group taken as a whole, and in either case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;
- (vii) entered into or materially varied the terms of, or made any offer (which remains open for acceptance) to enter into or materially vary the terms of any contract, service agreement, commitment or arrangement with any director or, except for salary increases, bonuses or variations of terms in the ordinary course, senior executive of Shire, other than as agreed by the Panel or agreed with Takeda;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Shire Group which are material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition, other than in accordance with the terms of the Acquisition or as agreed by the Panel or Takeda;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital;
- (x) except in the ordinary course of business, waived, compromised or settled any claim by or against any member of the Wider Shire Group which is material in the context of the Wider Shire Group as a whole or material in the context of the Acquisition;
- (xi) terminated or varied the terms of any agreement or arrangement which is of a long-term or unusual nature between any member of the Wider Shire Group and any other person in a manner which is materially adverse to the Wider Shire Group taken as a whole;

- (xii) made or agreed or consented to or procured any change to, or the custodian or trustee of any scheme having made a change to:
 - (a) the terms of the governing documents of any pension scheme(s) established by any member of the Wider Shire Group for its directors, former directors, employees, former employees or their dependants;
 - (b) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (d) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,to an extent which is in any such case material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition, and other than in accordance with applicable law;
- (xiii) carried out any act:
 - (a) which would or could reasonably be expected to lead to the commencement of the winding up of any pension scheme(s) established by any member of the Wider Shire Group for its directors, former directors, employees, former employees or their dependants;
 - (b) which would or might create a material debt owed by an employer to any such plan; or
 - (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any such plan,to an extent which is in any such case material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts when they fall due or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business, in each case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;
- (xv) (other than in respect of a member of the Wider Shire Group which is dormant and was solvent at the relevant time) taken any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in any case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;
- (xvi) (except for transactions between Shire and its wholly owned subsidiaries or between the wholly owned subsidiaries of Shire), made, authorised, proposed or announced an intention to propose any change in its loan capital, in any case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition;

- (xvii) except for transactions between members of the Wider Shire Group and transactions entered into the ordinary course of business, entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, in any case which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition; or
- (xviii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 4(k);

No adverse change, litigation, regulatory enquiry or similar

- (l) except as Disclosed, since December 31, 2017 there having been, in each case to an extent which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition:
 - (i) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Shire Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Shire Group or to which any member of the Wider Shire Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Shire Group;
 - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Shire Group having been threatened in writing, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Shire Group;
 - (iv) no contingent or other liability having arisen or become apparent to Takeda which is or would be reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Shire Group; and
 - (v) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Shire Group which is necessary for the proper carrying on of its business;

No discovery of certain matters regarding information, liabilities and environmental issues

- (m) except as Disclosed, Takeda not having discovered, in each case to an extent which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition:
 - (i) that any financial, business or other information concerning the Wider Shire Group publicly announced before the date of the Rule 2.7 Announcement by or on behalf of any member of the Wider Shire Group is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading where the relevant information has not subsequently been corrected before the date of the Rule 2.7 Announcement by disclosure, either publicly or otherwise to Takeda;

- (ii) that any member of the Wider Shire Group is subject to any liability, contingent or otherwise which is not Disclosed in the annual report and accounts of Shire for the financial year ended December 31, 2017;
- (iii) that any past or present member of the Wider Shire Group has failed to comply in any material respect with any applicable legislation, regulations or other requirements of any jurisdiction or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any liability including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Shire Group; or
- (iv) that there is or is reasonably likely to be any obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Shire Group (or on its behalf), or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto;

Anti-corruption

- (n) except as Disclosed, Takeda not having discovered, in each case to an extent which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition that:
 - (i) any member of the Wider Shire Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption legislation; or
 - (ii) any past or present member of the Wider Shire Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the EU (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction; and

No criminal property

- (o) except as Disclosed, Takeda not having discovered, in each case to an extent which is material in the context of the Wider Shire Group taken as a whole or material in the context of the Acquisition, any asset of any member of the Wider Shire Group that constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

Part B: Certain further terms of the Acquisition

1. Subject to the requirements of the Panel, Takeda reserves the right to waive:
 - (i) any of the Conditions set out in the above Condition 2 for the timing of the Court Meeting and the Shire General Meeting. If any such deadline is not met, Takeda will make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Shire to extend the deadline in relation to the relevant Condition. In all other respects, Condition 2 cannot be waived; and
 - (ii) in whole or in part, all or any of the above Conditions 4(b) to 4(o) (inclusive) (in the case of 4(b) with the prior written consent of Shire).

Conditions 3, 4(a) and 4(b) cannot be waived (in the case of 4(b) without the prior written consent of Shire). Conditions 3 and 4(a) must be fulfilled by, and Conditions 4(b) to 4(o) (inclusive) must be fulfilled or waived (in the case of 4(b) with the prior written consent of Shire) by, no later than 11.59 p.m. (London time) on the date immediately preceding the Court Sanction Hearing.

2. If Takeda is required by the Panel to make an offer for Shire Shares under the provisions of Rule 9 of the Takeover Code, Takeda may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
3. The Acquisition will lapse if:
 - (i) insofar as the Acquisition or any matter arising from or relating to the Scheme or Acquisition constitutes a concentration with a Community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1) of the Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the Regulation and there is then a CMA Phase 2 Reference; or
 - (ii) the Acquisition or any matter arising from or relating to the Scheme or Acquisition becomes subject to a CMA Phase 2 Reference,

in each case, before the date of the Court Meeting.

4. Save where Takeda has confirmed the satisfaction or waiver of all Conditions (other than Condition 2) pursuant to the terms of the Co-operation Agreement, Takeda will be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 4(a) to 4(c) inclusive and Conditions 4(h) to 4(o) (inclusive) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. Under Rule 13.5(a) of the Takeover Code, Takeda may not invoke a condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Takeda in the context of the Acquisition. The determination of whether or not such a condition can be invoked would be determined by the Panel. Each of Conditions 1, 2, 3, 4(a) and 4(c) is not subject to Rule 13.5(a) of the Takeover Code.
6. Takeda reserves the right to elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement) to implement the acquisition of the Shire Shares and Shire ADSs by way of a Takeover Offer as an alternative to the Scheme: (i) with the consent of Shire; (ii) if a third party announces a firm intention to make an offer for the issued and to be issued ordinary share capital of Shire; (iii) if the Shire Directors have withdrawn, or adversely modified, adversely qualified or failed to provide, or they have failed to reaffirm (when reasonably requested by Takeda to do so) their unanimous and unconditional recommendation that the Shire

Shareholders vote in favour of the Scheme and the Special Resolution (including before publication of the Scheme Document, their intention to do so); or (iv) other than in certain circumstances specified in the Co-operation Agreement, if the Court Meeting or Shire General Meeting is not held by December 27, 2018 (or such later date as may, with the consent of the Panel, be agreed between Takeda and Shire and the Court may allow).

PART V

TAKEDA SECURITIES

1. Summary

Takeda is a Japanese company which is listed on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. The New Takeda Shares will be listed only in Japan on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges and the New Takeda ADSs will be listed only in the United States on the New York Stock Exchange. The New Takeda Securities will not be listed on any stock exchange in the United Kingdom.

The New Takeda Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Takeda Shares in issue at the time the New Takeda Shares are issued pursuant to the Scheme, including in relation to the right to receive notice of, and to attend and vote at, general meetings of Takeda, the right to receive and retain any dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date, and the right to participate in the assets of Takeda upon a winding up of Takeda. The New Takeda Shares will be capable of being held in uncertificated form only.

The New Takeda ADSs will be issued subject to, and on the terms of, the Takeda Deposit Agreement. A summary of the principal terms of the Takeda Deposit Agreement is set out in paragraph 5 of this Part V.

2. Risk factors

Shire Shareholders and Shire ADS Holders should consider fully and carefully the risk factors associated with the Combined Group, the New Takeda Shares and the New Takeda ADSs. Your attention is drawn to the risk factors set out in Appendix I (Risk Factors) to this document.

3. Restrictions on ownership and transfer of Takeda Shares

The Takeda Shares are (and the New Takeda Shares, once allotted, issued and admitted, will be) listed and traded on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. Pursuant to the Japanese book-entry system and the Book-Entry Act, all shares of Japanese listed companies, including those of Takeda, are dematerialised and all transfers of such shares are effected through an entry in the record maintained by JASDEC, which is Japan's central securities depository and the only institution designated as a clearing house under the Book-Entry Act.

In order to hold and trade listed Japanese shares, investors must either have an account with JASDEC or, failing that, an account with an AMI that has been admitted to JASDEC pursuant to the Book-Entry Act. AMIs are financial instruments business operators (i.e., securities firms), banks, trust companies and certain other financial institutions that meet the requirements prescribed by the Book-Entry Act.

As such, transfers (and allotments) of Takeda Shares are effected exclusively through entry in the records maintained by JASDEC and the AMIs. Title to Takeda Shares passes to the transferee (or allottee) at the time at which the transfer (or allotment) is recorded in the transferee's (or allottee's) account at JASDEC or with an AMI.

Takeda follows the "unit share system" (which is mandatory for listed companies in Japan), whereby Takeda Shareholders have one voting right for each "unit" of shares held by them and shares constituting less than a full unit carry no voting rights. The Takeda Articles provide that 100 Takeda Shares constitute one unit. Under the book-entry transfer system, shares constituting less than one unit are transferable. However, under the Japanese Listing Rules, shares constituting less than one unit do not comprise a trading unit, except in limited circumstances, and accordingly may not be sold on the Tokyo Stock Exchange or the Local Japanese Stock Exchanges on which the Takeda Shares are listed.

The attention of Shire Shareholders is drawn to the information set out in paragraphs 19.1 and 19.5 of Part II (Explanatory Statement) which contains additional information on the settlement of listed Japanese shares and the effect of the “unit share system”.

As Takeda is a manufacturer of biological drugs, additional levels of scrutiny apply to foreign investment in Takeda under the Foreign Exchange and Foreign Trade Control Law of Japan (the “FOREX Act”). The manufacture of biological drugs falls into the category of businesses subject to the pre-filing requirement under the FOREX Act. Any Shire Shareholder qualifying as a “foreign investor” (as defined in the FOREX Act) who will, as a result of the Acquisition, hold 10 per cent. or more of the total issued share capital of Takeda, must submit to the Bank of Japan (as well as the Ministry of Finance and the Ministry of Health, Labour and Welfare) a notification within the six-month period before the implementation of the Acquisition and be subject to a 30-day waiting period (unless such waiting period is shortened by the discretion of the authorities). If they believe that this pre-filing requirement may be applicable to them, Shire Shareholders are recommended to obtain their own Japanese legal advice.

4. Comparison of shareholders’ rights

The rights of Shire Shareholders are governed by Jersey law, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Shire Articles. The rights of Takeda Shareholders are governed by Japanese law, the Japanese Listing Rules and the Takeda Articles. The following is a comparison and summary of the material differences between the rights of Shire Shareholders and those of Takeda Shareholders arising from differences between: (i) Jersey and Japanese law; (ii) on the one hand the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, and on the other hand the Japanese Listing Rules; and (iii) the Shire Articles and the Takeda Articles.

This is a summary only and therefore does not contain all the information that may be important to you. For more complete information concerning the rights of Takeda Shareholders, you should review the Takeda Articles, review applicable Japanese law (including the Japanese Companies Act, the Financial Instruments and Exchange Act of Japan and the Japanese Listing Rules) and, should you wish to learn more, obtain your own Japanese legal advice.

Takeda Shares

Shire Shares

ISSUE OF NEW SHARES

Takeda can issue Takeda Shares within the authorised maximum provided in the Takeda Articles with approval from the Takeda Board, subject to the following requirements.

Under the rules of the Tokyo Stock Exchange, if an issue results in a dilution of 25 per cent. or more of the total voting rights or an emergence or change of a controlling shareholder, then Takeda must obtain either: (i) an opinion from an independent person regarding the necessity and adequacy of the allotment; or (ii) approval from Takeda Shareholders by ordinary resolution (see “Resolutions of Shareholders” below).

Any issue of new Takeda Shares resulting in a subscriber for new Takeda Shares holding (directly or indirectly) more than 50 per cent. of the total voting rights in Takeda as a result of the issue must be approved by a simple majority of the voting rights represented at a general meeting

Shire’s practice is to comply with the Investment Association’s share capital management guidelines with regards to the allotment of shares. Shire can accordingly only issue Shire Shares up to the amount approved by Shire Shareholders by ordinary resolution (see “Resolutions of Shareholders” below) at its annual general meeting each year, being an amount equal to one-third of issued share capital, or two-thirds in the case of a pre-emptive rights issue.

Under the Listing Rules, a new issue of shares must not be at a discount of more than 10 per cent. to the market price.

The creation of a new class of shares requires the approval of Shire Shareholders by special resolution (see “Resolutions of Shareholders” below).

Takeda Shares

where a simple majority of the total voting rights is present or represented if Takeda Shareholders holding not less than 10 per cent. of the total voting rights demand a resolution to be proposed at a general meeting regarding such issue.

Any issue of new Takeda Shares at a “specially favourable price” (in practice, a discount of more than 10 per cent. to the market price) requires shareholder approval by special resolution (see “Resolutions of Shareholders” below) unless the allotment is carried out pre-emptively on a pro rata basis.

The creation of a new class of shares requires shareholder approval by special resolution.

Shire Shares

RIGHTS OF PURCHASE AND REDEMPTION

Under the Japanese Companies Act and the Takeda Articles, Takeda may acquire its own shares by: (i) purchase on any stock exchange or by way of a voluntary tender offer, pursuant to a resolution of the Takeda Board; (ii) by purchase from a specific party other than any of Takeda’s subsidiaries, pursuant to a special resolution of Takeda Shareholders; or (iii) by purchase from any of Takeda’s subsidiaries, pursuant to a resolution of the Takeda Board.

Under the Financial Instruments and Exchange Act of Japan, purchases by Takeda of its own shares outside the market must be by way of tender offer. However, this does not apply to purchases of its own shares on the market or from a specific party, other than any of Takeda’s subsidiaries, pursuant to a special resolution of Takeda Shareholders.

The FCA and the Jersey Companies Law require that where a company has issued shares that are admitted to the Official List and are convertible into a class of shares to be repurchased, the holders of the convertible shares must first pass a special resolution approving any repurchase at a separate class meeting.

The FCA requires that purchases of 15 per cent. or more of any class of a company’s share capital must be by way of a tender offer to all shareholders of that class.

AMENDMENT TO GOVERNING PROVISIONS

Under the Japanese Companies Act, Takeda Shareholders may, by special resolution, alter, delete, substitute, amend or add to the Takeda Articles. The Takeda Board is not authorised to amend the Takeda Articles.

Rights attaching to Takeda Shares are set out in the Takeda Articles and therefore a special resolution would be required to amend such rights.

Rights attaching to a class of share may generally be amended by special resolutions by a general meeting of shareholders and a shareholder meeting of that class. If such amendment would undermine the rights of another class of shares, a special resolution of such class is also required.

Under Jersey law, Shire Shareholders may, by special resolution, alter, delete, substitute or amend or add to its articles of association. The Shire Board is not authorised to amend the Shire Articles.

Rights attaching to Shire Shares are set out in the Shire Articles and therefore a special resolution would be required to amend such rights.

Rights of a class of shares may be amended by a special resolution of that class.

Takeda Shares

Shire Shares

RIGHT TO DIVIDENDS

Under the Japanese Companies Act, dividends take the form of a distribution of surplus, and a distribution of surplus may be made in cash or in kind, with no restrictions on the timing and frequency of such distributions unless the amount of dividend exceeds the then-applicable distributable amount, the calculation of which is stipulated under the Japanese Companies Act.

Under the Japanese Companies Act and the Takeda Articles, both a meeting of the Takeda Shareholders and the Takeda Board have the authority to make decisions regarding distributions of surplus, except in respect of the Takeda Board subject to certain conditions and exceptions. Takeda's past policy has been to declare: (i) annual dividends (for which the record date is set on March 31 of each year under the Takeda Articles) by an ordinary resolution of the annual general meeting of Takeda Shareholders; and (ii) interim dividends (for which the record date is set on September 30 of each year under the Takeda Articles) by a resolution of the Takeda Board set in JPY per Takeda Share.

Under the Shire Articles and subject to the provisions of the Jersey Companies Law: (i) Shire may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Shire Board; and (ii) the Shire Board may pay such interim dividends as appear to the Shire Board to be justified by the financial position of Shire and may also pay any dividend payable at a fixed rate at intervals settled by the Shire Board whenever the financial position of Shire, in the opinion of the Shire Board, justifies its payment.

Shire's past policy has been to pay an interim dividend semi-annually, set in US\$ cents per ordinary share.

APPRAISAL RIGHTS

The Japanese Companies Act generally provides appraisal rights if shareholders dissent from a proposal to implement certain corporate reorganisations (e.g., a merger, consolidation, corporate split, share exchange (*kabushiki kokan*), share transfer (*kabushiki iten*) or business transfer) or other material corporate actions (e.g., certain amendments to the articles of incorporation, or reverse split of shares as a result of which fractions less than one share are produced). Such shareholders may, by following certain procedural requirements and within a certain time period prescribed by the Japanese Companies Act, demand that the company repurchase their shares at a fair price. If such shareholders and the company fail to reach an agreement on the repurchase price, such dissenting shareholders as well as the company may seek a court's determination of the fair price of their shares.

In addition, the Japanese Companies Act allows a shareholder holding 90 per cent. or more of the total voting rights, directly or through one or more wholly owned subsidiaries, to acquire the remaining 10 per cent. of shares with the approval of the company's board of directors. In this case, the minority shareholders are also allowed to seek a court's determination of the fair price of their shares.

Jersey law does not generally provide for appraisal rights.

However, the Jersey Companies Law contains compulsory acquisition or "squeeze-out" provisions in relation to takeover offers. As a result, if an offeror has acquired or contracted to acquire 90 per cent. or more of the nominal value of the shares to which the offer relates, it can acquire the remaining up to 10 per cent. of shares by giving notice to the relevant shareholders. No such notice shall be given after the end of the period of two months beginning with the date on which the offeror has acquired or contracted to acquire shares which satisfy the 90 per cent. threshold requirement.

A dissenting shareholder may apply to the Court within six weeks of the date of such notice. On such application, the Court can either: (i) order that the offeror shall not be entitled and bound to acquire the shares; or (ii) specify terms of acquisition different from those of the offer.

A minority shareholder is entitled, in circumstances similar to the "squeeze-out" described above, to require the offeror to acquire their shares on the terms of the takeover offer.

Takeda Shares

Shire Shares

PRE-EMPTIVE RIGHTS

Under the Japanese Companies Act, Takeda Shareholders have no pre-emption rights. However, the Takeda Board may determine that Takeda Shareholders shall be given rights to an allotment regarding a particular issue of new Takeda Shares, in which case such rights must be given on uniform terms to all Takeda Shareholders.

The Jersey Companies Law does not provide for pre-emption rights. However, under the Shire Articles, new equity securities allotted for cash consideration must be offered to existing Shire Shareholders pre-emptively. Such pre-emption rights can be disapplied by a special resolution passed by Shire Shareholders at a shareholders' meeting.

It is Shire's practice to comply with the voluntary UK pre-emption guidelines published by the Pre-Emption Group. Shire Shareholders are asked at each annual general meeting to approve the issue of new shares on a non-pre-emptive basis in an amount equal to 5 per cent. of the issued share capital of Shire (less shares held in treasury) (subject to a rolling 7.5 per cent. threshold applying over any three-year period), plus a further 5 per cent. for issues of new shares to fund an acquisition or specified capital investment.

CONVENING OF AND ATTENDANCE AT SHAREHOLDERS' MEETINGS

Under the Japanese Companies Act, a meeting of Takeda Shareholders may be called by the Takeda Board whenever it thinks fit, subject to relevant notice requirements.

Takeda is required to hold an annual general meeting every year.

Takeda Shareholders holding not less than 3 per cent. of voting rights for six months or longer can require the Takeda Directors to call a shareholders' meeting.

The notice requirement for Takeda is at least two weeks before the meeting date.

Under the Japanese Companies Act and the Takeda Articles, no quorum is required at shareholders' meetings for voting on ordinary resolutions but Takeda Shareholders holding at least one-third of the total voting rights must be present in person or by proxy for certain matters including: (i) the election of directors; and (ii) special resolutions.

Takeda Shareholders are generally permitted to ask questions at shareholders' meetings.

Under Jersey law, a meeting of Shire Shareholders may be called by the Shire Board whenever it thinks fit, subject to relevant notice requirements.

Shire is required to hold an annual general meeting every year.

Under the Shire Articles, Shire Shareholders holding not less than 10 per cent. of voting rights may require the Shire Board to call a shareholders' meeting.

Under the Shire Articles, a shareholders' meeting may be called on not less than 21 clear calendar days' notice.

For shareholders' meetings (other than annual general meetings) the notice requirement under the Shire Articles may be reduced to not less than 14 clear calendar days' notice if, among other conditions, such reduction is approved by special resolution at the immediately preceding annual general meeting or at a shareholders' meeting held since that annual general meeting.

Two Shire Shareholders present in person or by proxy and entitled to vote shall constitute a quorum for a shareholders' meeting (provided not less than two individuals are present).

Shire Shareholders are generally permitted to ask questions at shareholders' meetings.

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RESOLUTIONS OF SHAREHOLDERS

Special resolutions generally involve proposals for major changes to a company, such as to alter its capital structure, to implement a dissolution, merger or consolidation, and/or to amend its articles of incorporation. Under the Japanese Companies Act and the Takeda Articles, a special resolution means a resolution passed by a majority of at least two-thirds of the voting rights of all shareholders present or represented at a shareholders' meeting where at least one-third of the total voting rights are present or represented.

Proposals relating to the ordinary course of Takeda's business that do not require a special resolution may be passed by "ordinary resolution." Under the Japanese Companies Act and the Takeda Articles, ordinary resolutions are passed by a simple majority of the voting rights represented at a shareholders' meeting.

Takeda Shareholders may vote in person or by proxy, such proxy to be a Takeda Shareholder with voting rights, and can also vote in writing if a form is submitted by the end of ordinary business hours on the date immediately preceding the date of the relevant shareholders' meeting.

Special resolutions generally involve proposals for major changes to a company, such as to alter its capital structure, change or amend the rights of shareholders, permit the company to issue new shares for cash without applying the shareholders' pre-emptive rights and/or amend its articles of association.

Under the Shire Articles, a special resolution means a resolution passed by a majority of not less than 75 per cent. of Shire Shareholders or holders of 75 per cent. of the Shire Shares (depending on whether the vote is by show of hands or by a poll) who (being entitled to do so) vote in person, or by proxy, at a shareholders' meeting of Shire. For a resolution to qualify as a special resolution, the notice of the shareholders' meeting must specify the intention to propose the resolution as a special resolution.

Proposals relating to the ordinary course of Shire's business that do not require a special resolution may be passed by "ordinary resolution".

Under Jersey law, an ordinary resolution means a resolution that is passed by a simple majority of shareholders or holders of a simple majority of the shares (depending on whether the vote is by a show of hands or by a poll) present in person or by proxy and entitled to vote at the shareholders' meeting.

VOTING RIGHTS

Takeda follows the "unit share system" (which is mandatory for listed companies in Japan), whereby Takeda Shareholders have one voting right for each "unit" of Takeda Shares held by them and Takeda Shares constituting less than a full unit carry no voting rights. The Takeda Articles provide that 100 Takeda Shares constitute one unit.

Under the Japanese Listing Rules, Takeda Shares constituting less than one unit do not comprise a trading unit except in limited circumstances and, accordingly, may not be sold on the Tokyo Stock Exchange or the Local Japanese Stock Exchanges on which such Takeda Shares are listed.

On a show of hands, each Shire Shareholder and duly appointed proxy who is present in person at a shareholders' meeting shall have one vote.

On a poll, each Shire Shareholder and duly appointed proxy who is present in person at a shareholders' meeting shall have one vote per Shire Share held by such Shire Shareholder or in respect of which such proxy has been so appointed, as applicable.

If a corporate shareholder appoints more than one person to vote on its behalf at a shareholders' meeting, each such representative can exercise the votes attaching to the relevant Shire Shares in different ways on a poll, provided that each representative is voting in respect of different Shire Shares.

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EXCLUSIVE AND NON-TRANSFERABLE POWERS OF SHAREHOLDERS' MEETING

The following matters, among others and with certain exceptions and qualifications, require shareholder approval and therefore have to be exclusively approved at a meeting of Takeda Shareholders:

Non-exhaustive list of matters requiring special resolution:

- (i) amendments to the Takeda Articles;
- (ii) a reduction of Takeda's share capital;
- (iii) a transfer of the whole or part of Takeda's equity interests in Takeda subsidiaries that meet certain materiality standards;
- (iv) implementation of a dissolution, merger or consolidation;
- (v) a transfer of the whole or a substantial part of Takeda's business;
- (vi) a takeover of the whole of the business of another company;
- (vii) implementation of a corporate split;
- (viii) implementation of a share exchange (*kabushiki kokan*) or share transfer (*kabushiki iten*) to establish 100 per cent. parent-subsidiary relationships;
- (ix) an issue of new shares or transfer of existing Takeda Shares held as treasury stock at a "specially favourable" price and issue of stock acquisition rights or bonds with stock acquisition rights at a "specially favourable" price or in a "specially favourable" condition to any persons other than shareholders;
- (x) an acquisition by Takeda of its own shares from specific persons other than Takeda subsidiaries;
- (xi) implementation of a reverse stock split; and
- (xii) removal of Takeda Directors who are members of Takeda's Audit and Supervisory Committee.

The following matters, among others, require Shire Shareholder approval and therefore have to be exclusively approved at a meeting of Shire Shareholders:

Non-exhaustive list of matters requiring special resolution:

- (i) amendments to the Shire Articles;
- (ii) reducing the notice period required to call a shareholders' meeting (other than the annual general meeting) from 21 clear calendar days to not less than 14 clear days;
- (iii) a reduction of Shire's share capital;
- (iv) a disapplication (or renewal of disapplication) of pre-emption rights;
- (v) a disapplication of the aggregate nominal limit on the allotment of unissued shares;
- (vi) a conversion of shares into redeemable shares;
- (vii) assignment of rights to shares issued; and
- (viii) a variation of rights attaching to Shire Shares.

Non-exhaustive list of matters requiring ordinary resolution:

- (i) removal of Shire Directors;
- (ii) approval of Shire Directors' long-term service contracts;
- (iii) approval of loans, quasi-loans, credit transactions and substantial property transactions with Shire Directors and their connected persons;
- (iv) authority to make market purchases of Shire Shares;
- (v) appointment and removal of Shire's auditors; and
- (vi) authority of Shire Directors to allot Shire Shares.

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Non-exhaustive list of matters requiring ordinary resolution

- (i) a reduction of reserves;
- (ii) appointment of Takeda Directors;
- (iii) removal of Takeda Directors who are not members of Takeda's Audit and Supervisory Committee;
- (iv) appointment and removal of Takeda's financial auditors; and
- (v) approval of remuneration for Takeda Directors.

In addition, the shareholders' meeting may, as set forth above, declare dividends by an ordinary resolution.

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SHAREHOLDER PROPOSALS

Under the Japanese Companies Act, Takeda Shareholders holding not less than 1 per cent. of the total voting rights of all Takeda Shareholders or not less than 300 voting rights for six months or longer have the right to propose a matter to be included in the agenda of a shareholders' meeting by requesting that Takeda send a notice to Takeda Shareholders which includes a description of the relevant matter and a summary of the proposal.

Shire Shareholders representing: (i) at least 5 per cent. of the total voting rights of all Shire Shareholders having the right to vote on the resolution at the annual general meeting to which the request relates; or (ii) not less than 100 Shire Shareholders holding shares on which there has been paid up an average sum per member of at least £100 may require a resolution to be considered at an annual general meeting. Such request must be received by Shire at least six weeks before the annual general meeting at which the resolution is to be proposed. Subject to certain conditions, Shire is then required to give notice of such resolution by sending a copy of it to each Shire Shareholder entitled to receive notice of the annual general meeting in the same manner as notice of the meeting and at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

SHAREHOLDER ACTIONS

In accordance with the Japanese Companies Act, any Takeda Shareholder holding at least one share in Takeda consecutively for the preceding six months or more is permitted to bring an action against the Takeda Directors: (i) to seek damages (payable to Takeda) for breach of their duties (a derivative action) if Takeda fails to bring such action on its own within 60 calendar days of receiving the demand to do so by the Takeda Shareholder; or (ii) to enjoin any act of such directors in breach of applicable laws or the Takeda Articles if such act is likely to cause irreparable detriment to Takeda.

The Jersey Companies Law permits a shareholder to apply to the Court for relief on the grounds that: (i) the company's affairs are being or have been conducted in a manner unfairly prejudicial to the interests of its shareholders generally or some part of them; or (ii) an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial or unlawful.

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RIGHTS OF INSPECTION

Takeda Shareholders may inspect, for free, during business hours, and may obtain for a fee copies of, the following documents:

- (i) the Takeda Articles;
- (ii) the register of Takeda Shareholders (however, Takeda may refuse such inspection in certain cases (i.e., if such Takeda Shareholders made the request for inspection: (a) for a purpose other than for conducting enquiries necessary to secure or exercise their rights; (b) for the purpose of interfering with the operations of Takeda or prejudicing the common interests of Takeda Shareholders; or (c) in order to report facts obtained through such inspection to third parties for profit);
- (iii) proxies;
- (iv) minutes of meetings of Takeda Shareholders;
- (v) financial statements of Takeda; and
- (vi) statutory disclosure documents regarding certain corporate reorganisations (e.g., a merger, consolidation, corporate split, share exchange (*kabushiki kokan*), share transfer (*kabushiki iten*) or business transfer) and other material corporate actions (e.g., certain amendments to the articles of incorporation, or reverse split of shares as a result of which fractions less than one share are produced).

Takeda Shareholders may also inspect, without charge, and obtain for a fee copies of, the following documents with the permission of a court:

- (i) minutes of meetings of the Takeda Board; and
- (ii) minutes of meetings of the Audit and Supervisory Committee.

Further, Takeda Shareholders holding not less than 3 per cent. of the total voting rights or issued Takeda Shares may inspect, without charge, during business hours, and may obtain for a fee copies of, Takeda's accounting books and related materials. However, Takeda may refuse such inspection in certain cases (i.e., if: (i) such Takeda Shareholders made the request for inspection: (a) for a purpose other than for conducting enquiries necessary to secure or exercise their rights; (b) for the purpose of interfering with the

The register and index of names of Shire Shareholders is open to inspection: (i) for free by Shire Shareholders; and (ii) for a fee by any other person. In both cases, the documents may be copied for a fee.

The Shire Shareholders may also inspect, without charge, during business hours: (i) minutes of meetings of the Shire Shareholders and obtain copies of the minutes for a fee; and (ii) service contracts of Shire Directors, and may obtain copies of such documents for a fee.

In addition, the published annual accounts of Shire are required to be available for Shire Shareholders at a meeting of Shire Shareholders and a Shire Shareholder is entitled to a copy of these accounts.

The Shire Articles provide that no Shire Shareholder shall have any right to inspect any accounting records or other book or document of Shire except as conferred by law, ordered by a court of competent jurisdiction or authorised by the Shire Board or by ordinary resolution.

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operations of Takeda or prejudicing the common interests of Takeda Shareholders; or (c) in order to report facts obtained through such inspection to third parties for profit; or (ii) such Takeda Shareholders have engaged in business substantially competing with the business of Takeda).

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DISCLOSURE OF INTERESTS

Under the Financial Instruments and Exchange Act of Japan, interests in shares of a listed company must be announced if the shareholding ratio exceeds 5 per cent. of the total issued share capital of a listed company. Thereafter, shareholders must also announce if their interest changes by 1 per cent. or more.

Directors and major shareholders

Under the Financial Instruments and Exchange Act of Japan, regulations on officers and major shareholders (being shareholders who hold 10 per cent. or more of the total voting rights of a listed company) are as follows:

- (i) if an officer or a major shareholder sells or purchases securities, such officer or major shareholder must file a report relating to such sale or purchase with the Director of the competent Local Finance Bureau of the Ministry of Finance of Japan;
- (ii) if an officer or major shareholder sells and purchases securities within a six-month period and makes a profit from such sale and purchase, the relevant listed company may request that the officer or major shareholder return the profits to the listed company; and
- (iii) it is prohibited for an officer or major shareholder to engage in short-selling of securities in an amount or volume which is larger than the amount or volume of shares held by the officer or major shareholder.

The Shire Articles require Shire Shareholders to comply with the notification obligations contained in Chapter 5 of the Disclosure Guidance and Transparency Rules as if it were a UK issuer. Therefore, each Shire Shareholder is required, subject to certain exceptions, to notify Shire in writing within two trading days of becoming aware that they have acquired a material interest in Shire, being 3 per cent. or more of the total issued Shire Shares carrying voting rights. Thereafter, such Shire Shareholder must also notify Shire within two trading days of any increase or decrease by which their interest crosses a 1 per cent. threshold as well as any decrease that reduces such Shire Shareholder's holding below the 3 per cent. threshold.

Under the Shire Articles, Shire may by notice in writing require a person who Shire knows or has reasonable cause to believe to be interested in the share capital of Shire or to have been so interested at any time during the three years immediately preceding the date on which the notice is issued: (i) to confirm the fact or (as the case may be) to indicate whether or not it is the case; and (ii) if he holds, or has during the time held, any such interest, to give certain further information as may be required by Shire.

Share ownership of directors and persons closely associated with them

Under the Market Abuse Regulation, persons discharging managerial responsibilities (being the Shire Directors and senior executives of Shire), and persons closely associated with them, must notify Shire in writing of the occurrence of all transactions conducted on their own account in Shire Shares, or derivatives or any other financial instruments relating to those Shire Shares, within three business days of the day on which the transaction occurred. The notification must contain specified information, including the name of the person involved, the type of transaction, the date on which it occurred, and the price and volume of the transaction. Shire must notify a

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Regulatory Information Service (which will make the information public) of any information notified to it in accordance with these provisions. The notification to a Regulatory Information Service must be made as soon as possible, and in any event by no later than three business days of the day on which the transaction occurred.

It has been Shire's practice to comply with the disclosure requirements in Listing Rule 9.8.6R in its annual reports as if it were a UK issuer.

DIRECTORS' DUTIES

Under the Japanese Companies Act and Civil Code, the relationship between directors and the company is governed by agency principles. As an agent of the company, each director has an obligation to conduct the affairs of the company with the care of a "good manager" (i.e., the director's duty of care).

Takeda Directors are also obligated to comply with applicable laws, the Takeda Articles and resolutions adopted at shareholders' meetings, and to perform their duties faithfully on behalf of Takeda (in accordance with the director's duty of loyalty).

Under the Jersey Companies Law, directors are (among other things) required to act honestly and in good faith with a view to the best interests of the company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

TRANSACTIONS WITH INTERESTED PARTIES

Under the Japanese Companies Act, where a Takeda Director intends to contemplate any competitive or conflicting interest transaction, the relevant transaction must be approved by the Takeda Board. The Takeda Director who has contemplated the transaction must report the material fact thereof to the Takeda Board without delay.

Where a transaction with a related party is contemplated by Takeda, certain matters in respect of that related party are required to be included in the notes to Takeda's financial statements.

Under the Listing Rules, various restrictions and procedural requirements govern transactions between Shire (or its subsidiaries) and a related party.

The definition of a related party includes a Shire Director and a substantial shareholder (i.e., any person who is entitled to exercise, or to control the exercise of, 10 per cent. or more of the votes able to be cast on all or substantially all matters at shareholders' meetings of Shire).

Certain tests (known as 'class tests') are used to assess the impact of the related party transaction on the listed company.

Shire's obligations would depend on the result of such class tests and the applicability of any relevant exceptions but may include the following: (i) no action being required; (ii) a requirement to obtain an independent adviser's confirmation that the terms of the transaction are fair and reasonable as far as Shire Shareholders are concerned; (iii) a requirement to notify the transaction to a Regulatory Information Service; and/or (iv) a requirement to publish a shareholder circular and

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to obtain the prior approval of Shire Shareholders by way of ordinary resolution before entering into such a transaction (or, if the transaction is conditional on such approval, before completion of the transaction).

In addition to the requirements under the Listing Rules, a Shire Director who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by Shire must disclose the nature and extent of such interest, to the extent that he is aware of such interest and such interest conflicts or may conflict to a material extent with the interests of Shire.

MARKET DISCLOSURE

Under the Japanese Listing Rules, unless classed as insignificant, Takeda must notify the market in a timely manner of certain decisions, including:

- (i) a decrease in its share capital (*shihonkin*), capital reserve (*shihon junbikin*) or retained earnings reserve (*rieki junbikin*);
- (ii) an issue of new shares or disposition by Takeda of its own shares;
- (iii) an acquisition by Takeda of its own shares;
- (iv) a share exchange (*kabushikikoukan*), share transfer (*kabusihikiiten*), merger, corporate split, transfer or acquisition of all or part of the business, or dissolution;
- (v) an amendment to the Takeda Articles, including a change in the rights attaching to Takeda Shares;
- (vi) a change in representative directors; and
- (vii) any other important matters related to the operation, business or assets of Takeda which have a material effect on investors' investment decisions.

In general, under the Market Abuse Regulation, Shire must inform the public as soon as possible of inside information that directly concerns it. Delay in informing the public of inside information is permitted in limited circumstances. For the purposes of the Market Abuse Regulation, inside information is information of a precise nature, that: (i) has not been made public; (ii) relates, directly or indirectly, to Shire or to one or more financial instruments of Shire; and (iii) if it were made public, would be likely to have a significant effect on the price of such financial instrument(s) of Shire or on the price of related derivative financial instrument(s).

In addition to the general requirement, Shire is required to disclose to the market and/or the FCA:

- (i) any changes regarding its capital (for example, the results of any new issue of shares);
- (ii) any purchase or redemption by Shire of its own equity securities;
- (iii) notifications of dealings received by Shire from persons holding an interest in 3 per cent. or more of any class of Shire's share capital;
- (iv) any changes to the membership of the Shire Board;
- (v) dealings by persons discharging managerial responsibilities of Shire or their closely associated persons, in shares or related securities of Shire; and
- (vi) any changes to rights attaching to Shire Shares.

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FINANCIAL REPORTING

Under the Financial Instruments and Exchange Act of Japan, Takeda must submit its annual securities reports, including financial statements independently audited by appropriately qualified auditors, within three months after the end of the relevant business year. Under the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements of Japan, Takeda may prepare its consolidated financial statements in accordance with Japan GAAP, US GAAP, IFRS or modified IFRS. In Takeda's annual securities reports, its financial statements are prepared in accordance with Japan GAAP and its consolidated financial statements are prepared in accordance with IFRS.

Under the Japanese Listing Rules, Takeda must submit its earnings report (*Kessan Tanshin*), including a summary of financial statements, within 45 calendar days after the end of the relevant business year or preferably within 30 calendar days of the end of the relevant business year. The summary of financial statements is not required to be independently audited by appropriately qualified auditors.

Under the Financial Instruments and Exchange Act of Japan, Takeda must submit its quarterly securities reports, including financial statements independently audited by appropriately qualified auditors, within 45 days after each three-month period of the relevant business year.

Under the Japanese Listing Rules, Takeda must submit its quarterly earnings report (*Kessan Tanshin*), including a summary of financial statements, before submitting its quarterly securities reports. The summary of financial statements is not required to be independently audited by appropriately qualified auditors.

5. The New Takeda ADSs

5.1 Description of Takeda American Depositary Shares

The Bank of New York Mellon, as Takeda Depositary, will register and deliver the New Takeda ADSs. Each New Takeda ADS will represent one-half of one Takeda Share deposited with Sumitomo Mitsui Banking Corporation, as custodian for the Takeda Depositary in Japan. The New Takeda ADSs issued under the Scheme will only represent the underlying New Takeda Shares. However, once issued, each New Takeda ADS will also represent any other securities, cash or other property which may be held by the Takeda Depositary from time to time. The deposited Takeda Shares together with any other securities, cash or other property held by the Takeda Depositary are referred to as the deposited securities. The Takeda Depositary's office at which the Takeda ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

Shire must publish its annual financial report within four months of the end of each financial year. This report is prepared in US GAAP and must be independently audited by appropriately qualified auditors. It must also be accompanied by directors' reports and a corporate governance statement.

Shire must also publish a half-yearly financial report covering the first six months of the financial year within three months after the end of the half-year. This must contain condensed financial statements, in accordance with US GAAP (or equivalent information) and, if it has been audited, the audit report must be published, together with a management statement and information about significant events that have occurred and risks remaining for the year.

Shire files reports with the SEC in accordance with obligations arising from the listing of the Shire ADSs on NASDAQ, and its debt listing on the New York Stock Exchange.

Holders of Takeda ADSs may hold Takeda ADSs either: (i) directly (a) by having an ADR, which is a certificate evidencing a specific number of Takeda ADSs, registered in their name, or (b) by having uncertificated Takeda ADSs registered in their name; or (ii) indirectly by holding a security entitlement in Takeda ADSs through a broker or other financial institution that is a direct or indirect participant in DTC. Holders of Takeda ADSs who hold Takeda ADSs directly are registered Takeda ADS holders (“**Takeda ADS holders**”). This description applies to such registered Takeda ADS holders only. If a holder of Takeda ADSs holds the Takeda ADSs indirectly, he or she must rely on the procedures of his or her broker or other financial institution to assert the rights of Takeda ADS holders described herein. Holders of Takeda ADSs who hold their Takeda ADSs indirectly should consult with their respective brokers or financial institutions to determine what those procedures are.

Takeda ADS holders who hold uncertificated Takeda ADSs will receive statements from the Takeda Depository confirming their holdings.

Takeda will not treat Takeda ADS holders as Takeda Shareholders and they will not have shareholder rights. Japanese law governs the shareholder rights attached to the Takeda Shares. The Takeda Depository will be treated as the holder of the Takeda Shares underlying the Takeda ADSs. The Takeda Deposit Agreement between Takeda, the Takeda Depository, Takeda ADS holders and all other persons indirectly or beneficially holding Takeda ADSs will set out the rights of Takeda ADS holders as well as the rights and obligations of the Takeda Depository. New York law governs the Takeda Deposit Agreement and the Takeda ADSs.

The following is a summary of the material provisions of the Takeda Deposit Agreement.

5.2 **Dividends and other distributions**

How will holders of Takeda ADSs receive dividends and other distributions on the Takeda Shares?

The Takeda Depository has agreed to pay or distribute to Takeda ADS holders the cash dividends or other distributions it or the custodian receives on Takeda Shares or other deposited securities, upon payment or deduction of its fees and expenses. Takeda ADS holders will receive these distributions in proportion to the number of Takeda Shares their Takeda ADSs represent.

Cash. The Takeda Depository will convert any cash dividend or other cash distribution Takeda pays on the Takeda Shares into US Dollars, if it can do so on a reasonable basis and can transfer the US Dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the Takeda Deposit Agreement allows the Takeda Depository to distribute the foreign currency only to those Takeda ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the Takeda ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes or other governmental charges that must be paid will be deducted. The Takeda Depository will distribute only whole US Dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the Takeda Depository cannot convert the foreign currency, Takeda ADS holders may lose some of the value of the distribution.

Takeda Shares. The Takeda Depository may distribute additional Takeda ADSs representing any Takeda Shares distributed by Takeda as a dividend or free distribution. The Takeda Depository will only distribute whole Takeda ADSs. It will sell Takeda Shares which would require it to deliver a fraction of a Takeda ADS (or Takeda ADSs representing those Takeda Shares) and distribute the net proceeds in the same way as it does with cash. If the Takeda Depository does not distribute additional Takeda ADSs, the outstanding Takeda ADSs will also represent the new Takeda Shares. The Takeda Depository may sell a portion of the distributed Takeda Shares (or Takeda ADSs representing those Takeda Shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional Takeda Shares. If Takeda offers holders of Takeda Shares any rights to subscribe for additional Takeda Shares or any other rights, the Takeda Depositary may: (i) exercise those rights on behalf of Takeda ADS holders; (ii) distribute those rights to Takeda ADS holders; or (iii) sell those rights and distribute the net proceeds to Takeda ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the Takeda Depositary does not do any of those things, it will allow the rights to lapse. In that case, Takeda ADS holders will receive no value for them. The Takeda Depositary will exercise or distribute rights only if Takeda asks it to and provides satisfactory assurances to the Takeda Depositary that it is lawful to do so. If the Takeda Depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of new Takeda Shares, new Takeda ADSs representing the new Takeda Shares to subscribing Takeda ADS holders, but only if Takeda ADS holders have paid the exercise price to the Takeda Depositary. US securities laws may restrict the ability of the Takeda Depositary to distribute rights or Takeda ADSs or other securities issued on exercise of rights to all or certain Takeda ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The Takeda Depositary will send to Takeda ADS holders anything else Takeda distributes on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the Takeda Depositary has a choice either: (i) to sell what Takeda distributed and distribute the net proceeds, in the same way as it does with cash; or (ii) to hold what Takeda distributed, in which case Takeda ADSs will also represent the newly distributed property. However, the Takeda Depositary is not required to distribute any securities (other than Takeda ADSs) to Takeda ADS holders unless it receives satisfactory evidence from Takeda that it is lawful to make that distribution. The Takeda Depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. US securities laws may restrict the ability of the Takeda Depositary to distribute securities to all or certain Takeda ADS holders, and the securities distributed may be subject to restrictions on transfer.

The Takeda Depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any Takeda ADS holders. Takeda has no obligation to register Takeda ADSs, Takeda Shares, rights or other securities under the US Securities Act. Takeda also has no obligation to take any other action to permit the distribution of Takeda ADSs, Takeda Shares, rights or anything else to Takeda ADS holders. This means that Takeda ADS holders may not receive the distributions Takeda makes on Takeda Shares or any value for them if it is illegal or impractical for Takeda to make them available to the holders of Takeda ADSs.

5.3 ***Deposit, withdrawal and cancellation***

How are Takeda ADSs issued?

The Takeda Depositary will deliver Takeda ADSs if holders of Takeda Shares or their respective brokers deposit Takeda Shares or evidence of rights to receive Takeda Shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Takeda Depositary will register the appropriate number of Takeda ADSs in the names such holder requests and will deliver the Takeda ADSs to or upon the order of the person or persons that made the deposit.

How can Takeda ADS holders withdraw the deposited securities?

Takeda ADS holders may surrender their Takeda ADSs to the Takeda Depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the Takeda Depositary will deliver the Takeda Shares and any other deposited securities underlying the Takeda ADSs to the Takeda ADS holder or a person the Takeda ADS holder designates at the office of the custodian. Or, at the request, risk and expense of the requesting Takeda ADS holder, the Takeda Depositary will deliver the deposited securities at its office, if feasible. However, the Takeda Depositary is not required to accept surrender of Takeda ADSs to the extent it would require delivery of a fraction of a

deposited share or other security. The Takeda Depositary may charge Takeda ADS holders a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do Takeda ADS holders interchange between certificated Takeda ADSs and uncertificated Takeda ADSs?

A Takeda ADS holder may surrender his or her Takeda ADR to the Takeda Depositary for the purpose of exchanging his or her Takeda ADR for uncertificated Takeda ADSs. The Takeda Depositary will cancel that Takeda ADR and will send to the Takeda ADS holder a statement confirming that the Takeda ADS holder is the registered holder of uncertificated Takeda ADSs. Upon receipt by the Takeda Depositary of a proper instruction from a registered holder of uncertificated Takeda ADSs requesting the exchange of uncertificated Takeda ADSs for certificated Takeda ADSs, the Takeda Depositary will execute and deliver to the Takeda ADS holder a Takeda ADR evidencing those Takeda ADSs.

5.4 **Voting rights**

How do Takeda ADS holders vote?

Takeda ADS holders may instruct the Takeda Depositary how to vote the number of deposited Takeda Shares their Takeda ADSs represent. If Takeda requests the Takeda Depositary to solicit the voting instructions of the Takeda ADS holders (Takeda is not required to do so), the Takeda Depositary will notify Takeda ADS holders of a shareholders' meeting and send or make voting materials available to them. Those materials will describe the matters to be voted on and explain how Takeda ADS holders may instruct the Takeda Depositary how to vote. For instructions to be valid, they must reach the Takeda Depositary by a date set by the Takeda Depositary. The Takeda Depositary will endeavour, as far as practical, subject to the laws of Japan and the provisions of the Takeda Articles or similar documents, to vote or to have its agents vote the Takeda Shares or other deposited securities as instructed by Takeda ADS holders. If Takeda does not request the Takeda Depositary to solicit the voting instructions of the Takeda ADS holders, Takeda ADS holders can still send voting instructions and, in that case, the Takeda Depositary may try to vote as the Takeda ADS holders instruct, but it is not required to do so.

Except by instructing the Takeda Depositary as described above, Takeda ADS holders will not be able to exercise voting rights unless they surrender their Takeda ADSs and withdraw the underlying Takeda Shares. However, Takeda ADS holders may not know about the meeting enough in advance to withdraw the Takeda Shares. In any event, the Takeda Depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed or as described in the following sentence. If: (i) Takeda asked the Takeda Depositary to solicit the instructions of the Takeda ADS holders at least 28 days before the meeting date; (ii) the Takeda Depositary does not receive voting instructions from a Takeda ADS holder by the specified date; and (iii) Takeda confirms to the Takeda Depositary that, as of the instruction cut-off date:

- Takeda wishes to receive a proxy to vote uninstructed Takeda Shares;
- Takeda reasonably does not know of any substantial shareholder opposition to a particular question; and
- the particular question is not materially adverse to the interests of shareholders,

the Takeda Depositary will consider such Takeda ADS holder to have authorised and directed it to give, and it will give, a discretionary proxy to a person designated by Takeda to vote the number of deposited securities represented by the Takeda ADSs of such Takeda ADS holder as to that question. However, such discretionary proxy will not apply in relation to any Takeda ADSs that are represented by CDIs.

Takeda cannot assure Takeda ADS holders that they will receive the voting materials in time to ensure that they can instruct the Takeda Depositary to vote their Takeda Shares. In addition, the Takeda Depositary and its agents are not responsible for failing to carry out voting instructions or

for the manner of carrying out voting instructions. This means that Takeda ADS holders may not be able to exercise voting rights and there may be nothing Takeda ADS holders can do if their Takeda Shares are not voted as requested.

Holders of CDIs representing Takeda ADSs may not receive notices of Takeda shareholder meetings and will not be able to instruct the Takeda Depositary how to vote.

If Takeda will request the Takeda Depositary to send a notice regarding a Takeda shareholder meeting, Takeda will endeavour to give the Takeda Depositary at least 30 days' prior notice of the shareholder meeting and the details of the matters to be voted upon, unless such advance notice is not possible because less than 30 days' notice of the meeting has been given in accordance with Takeda's Articles and Japanese law, in which case Takeda will provide to the Takeda Depositary such advance notice of the shareholder meeting as may be possible under the circumstances.

5.5 **Fees and expenses**

Persons depositing or withdrawing Takeda Shares or Takeda ADS holders must pay:	For:
\$5.00 (or less) per 100 Takeda ADSs (or portion of 100 Takeda ADSs)	Issue of Takeda ADSs, including issues resulting from a distribution of Takeda Shares or rights or other property
	Cancellation of Takeda ADSs for the purpose of withdrawal, including if the Takeda Deposit Agreement terminates
\$0.05 (or less) per Takeda ADS	Any cash distribution to Takeda ADS holders
A fee equivalent to the fee that would be payable if securities distributed to Takeda ADS holders had been Takeda Shares and the Takeda Shares had been deposited for issuance of Takeda ADSs	Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the Takeda Depositary to Takeda ADS holders
\$0.05 (or less) per Takeda ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of Takeda Shares on Takeda's share register to or from the name of the Takeda Depositary or its agent when persons deposit or withdraw Takeda Shares
Expenses of the Takeda Depositary	Cable and facsimile transmissions (when expressly provided in the Takeda Deposit Agreement)
	Converting foreign currency to US Dollars
Taxes and other governmental charges the Takeda Depositary or the custodian has to pay on any Takeda ADSs or Takeda Shares underlying Takeda ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the Takeda Depositary or its agents for servicing the deposited securities	As necessary

The Takeda Depositary collects its fees for delivery and surrender of Takeda ADSs directly from investors depositing Takeda Shares or surrendering Takeda ADSs for the purpose of withdrawal or from intermediaries acting for them. The Takeda Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Takeda Depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The Takeda Depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to Takeda ADS holders that are obligated to pay those fees. The Takeda Depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the Takeda Depositary may make payments to Takeda to reimburse Takeda for costs and expenses generally arising out of establishment and maintenance of the Takeda ADS programme, waive fees and expenses for services provided to Takeda by the Takeda Depositary or share revenue from the fees collected from Takeda ADS holders. In performing its duties under the Takeda Deposit Agreement, the Takeda Depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the Takeda Depositary and that may earn or share fees, spreads or commissions.

The Takeda Depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the Takeda Deposit Agreement and the rate that the Takeda Depositary or its affiliate receives when buying or selling foreign currency for its own account. The Takeda Depositary makes no representation that the exchange rate used or obtained in any currency conversion under the Takeda Deposit Agreement will be the most favourable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favourable to Takeda ADS holders, subject to the Takeda Depositary's obligations under the Takeda Deposit Agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

5.6 *Payment of taxes*

Takeda ADS holders will be responsible for any taxes or other governmental charges payable on their Takeda ADSs or on the deposited securities represented by any of their Takeda ADSs. The Takeda Depositary may refuse to register any transfer of Takeda ADSs or allow a Takeda ADS holder to withdraw the deposited securities represented by his or her Takeda ADSs until those taxes or other charges are paid. It may apply payments owed to such Takeda ADS holder or sell deposited securities represented by such Takeda ADS holder's Takeda ADSs to pay any taxes owed and such Takeda ADS holder will remain liable for any deficiency. If the Takeda Depositary sells deposited securities, it will, if appropriate, reduce the number of Takeda ADSs to reflect the sale and pay to Takeda ADS holders any proceeds, or send to Takeda ADS holders any property, remaining after it has paid the taxes.

5.7 *Tender and exchange offers; redemption, replacement or cancellation of deposited securities*

The Takeda Depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by a Takeda ADS holder surrendering Takeda ADSs and subject to any conditions or procedures the Takeda Depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the Takeda Depositary as a holder of deposited securities, the Takeda Depositary will call for surrender of a corresponding number of Takeda ADSs and distribute the net redemption money to the holders of called Takeda ADSs upon surrender of those Takeda ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalisation or reorganisation affecting the issuer of deposited securities in which the Takeda Depositary receives new securities in exchange for or in lieu of the old deposited securities, the Takeda Depositary will hold those replacement securities as deposited securities under the Takeda Deposit Agreement. However, if the Takeda Depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to Takeda ADS holders or for any other reason, the Takeda Depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the Takeda ADSs.

If there is a replacement of the deposited securities and the Takeda Depositary will continue to hold the replacement securities, the Takeda Depositary may distribute new Takeda ADSs representing the new deposited securities or ask holders of Takeda ADRs to surrender their outstanding Takeda ADRs in exchange for new Takeda ADRs identifying the new deposited securities.

If there are no deposited securities underlying the Takeda ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying the Takeda ADSs have become apparently worthless, the Takeda Depositary may call for the surrender of those Takeda ADSs or cancel those Takeda ADSs upon notice to the Takeda ADS holders.

5.8 ***Amendment and termination***

How may the Takeda Deposit Agreement be amended?

Takeda may agree with the Takeda Depositary to amend the Takeda Deposit Agreement and the Takeda ADRs without the consent of Takeda ADS holders for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the Takeda Depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of Takeda ADS holders, it will not become effective for outstanding Takeda ADSs until 30 days after the Takeda Depositary notifies Takeda ADS holders of the amendment. At the time an amendment becomes effective, Takeda ADS holders will be considered, by continuing to hold their Takeda ADSs, to agree to the amendment and to be bound by the Takeda ADRs and the Takeda Deposit Agreement as amended.

How may the Takeda Deposit Agreement be terminated?

The Takeda Depositary will initiate termination of the Takeda Deposit Agreement if Takeda instructs it to do so. The Takeda Depositary may initiate termination of the Takeda Deposit Agreement if:

- 90 days have passed since the Takeda Depositary told Takeda it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- Takeda delists Takeda ADSs from an exchange on which they were listed and does not list the Takeda ADSs on another exchange;
- Takeda appears to be insolvent or enters insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the Takeda ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the Takeda Deposit Agreement will terminate, the Takeda Depositary will notify Takeda ADS holders at least 90 days before the termination date. At any time after the termination date, the Takeda Depositary may sell the deposited securities and the Takeda Depositary will hold the

proceeds it received from such sale, as well as any other cash it is holding under the Takeda Deposit Agreement, and without liability for interest, for the pro rata benefit of the Takeda ADS holders that have not surrendered their Takeda ADSs. Normally, the Takeda Depositary will sell the deposited securities as soon as practicable after the termination date.

After the termination date and before the Takeda Depositary sells the deposited securities, Takeda ADS holders can still surrender their Takeda ADSs and receive delivery of deposited securities, except that the Takeda Depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind if it would interfere with the selling process. The Takeda Depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The Takeda Depositary will continue to collect distributions on deposited securities, but, after the termination date, the Takeda Depositary is not required to register any transfer of Takeda ADSs or distribute any dividends or other distributions on deposited securities to the Takeda ADS holders (until they surrender their Takeda ADSs) or give any notices or perform any other duties under the Takeda Deposit Agreement except as described in this paragraph.

5.9 ***Limitations on obligations and liability***

Limits on Takeda's obligations and the obligations of the Takeda Depositary; Limits on liability to Takeda ADS holders

The Takeda Deposit Agreement expressly limits Takeda's obligations and the obligations of the Takeda Depositary. It also limits Takeda's liability and the liability of the Takeda Depositary. Takeda and the Takeda Depositary:

- are only obligated to take the actions specifically set forth in the Takeda Deposit Agreement without negligence or bad faith, and the Takeda Depositary will not be a fiduciary or have any fiduciary duty to holders of Takeda ADSs;
- are not liable if Takeda or the Takeda Depositary is prevented or delayed by law or by events or circumstances beyond Takeda's or the Takeda Depositary's ability to prevent or counteract with reasonable care or effort from performing Takeda's or the Takeda Depositary's obligations under the Takeda Deposit Agreement;
- are not liable if Takeda or the Takeda Depositary exercises discretion permitted under the Takeda Deposit Agreement;
- are not liable for the inability of any Takeda ADS holder to benefit from any distribution on deposited securities that is not made available to Takeda ADS holders under the terms of the Takeda Deposit Agreement, or for any special, consequential or punitive damages for any breach of the terms of the Takeda Deposit Agreement, or for any;
- have no obligation to become involved in a lawsuit or other proceeding related to the Takeda ADSs or the Takeda Deposit Agreement on behalf of Takeda ADS holders or on behalf of any other person;
- may rely upon any documents Takeda believes or the Takeda Depositary believes in good faith to be genuine and to have been signed or presented by the proper person;
- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the Takeda Depositary has no duty to make any determination or provide any information as to Takeda's tax status, or any liability for any tax consequences that may be incurred by Takeda ADS holders as a result of owning or holding Takeda ADSs or be liable for the inability or failure of a Takeda ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the Takeda Deposit Agreement, Takeda and the Takeda Depositary agree to indemnify each other under certain circumstances.

5.10 **Requirements for Takeda Depositary actions**

Before the Takeda Depositary will deliver or register a transfer of Takeda ADSs, make a distribution on Takeda ADSs, or permit withdrawal of Takeda Shares, the Takeda Depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any Takeda Shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the Takeda Deposit Agreement, including presentation of transfer documents.

The Takeda Depositary may refuse to deliver Takeda ADSs or register transfers of Takeda ADSs when the transfer books of the Takeda Depositary or Takeda's transfer books are closed or at any time if the Takeda Depositary or Takeda thinks it advisable to do so.

5.11 **Rights of Takeda ADS holders to receive the Takeda Shares underlying their Takeda ADSs**

Takeda ADS holders have the right to cancel their Takeda ADSs and withdraw the underlying Takeda Shares at any time except:

- when temporary delays arise because: (i) the Takeda Depositary has closed its transfer books or Takeda has closed Takeda's transfer books; (ii) the transfer of Takeda Shares is blocked to permit voting at a shareholders' meeting; or (iii) Takeda is paying a dividend on Takeda Shares;
- when withdrawing Takeda ADS holders owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to Takeda ADSs or to the withdrawal of Takeda Shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the Takeda Deposit Agreement.

5.12 **Direct Registration System**

In the Takeda Deposit Agreement, all parties to the Takeda Deposit Agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the Takeda ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated Takeda ADSs and holding of security entitlements in Takeda ADSs through DTC and a DTC participant. Profile is feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated Takeda ADSs, to direct the Takeda Depositary to register a transfer of those Takeda ADSs to DTC or its nominee and to deliver those Takeda ADSs to the DTC account of that DTC participant without receipt by the Takeda Depositary of prior authorisation from the Takeda ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to the DRS/Profile system, the parties to the Takeda Deposit Agreement understand that the Takeda Depositary will not determine whether the DTC participant that is claiming to be acting on behalf of a Takeda ADS holder in requesting registration of transfer and delivery as described in the

paragraph above has the actual authority to act on behalf of the Takeda ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the Takeda Deposit Agreement, the parties agree that the Takeda Depository's reliance on and compliance with instructions received by the Takeda Depository through the DRS/Profile system and in accordance with the Takeda Deposit Agreement will not constitute negligence or bad faith on the part of the Takeda Depository.

5.13 **Shareholder communications; inspection of register of holders of Takeda ADSs**

The Takeda Depository will make available for the inspection of Takeda ADS holders at its office all communications that it receives from Takeda as a holder of deposited securities that Takeda makes generally available to holders of deposited securities. The Takeda Depository will send Takeda ADS holders copies of those communications or otherwise make those communications available to Takeda ADS holders if Takeda asks it to. Takeda ADS holders have a right to inspect the register of Takeda ADS holders, but not for the purpose of contacting those holders about a matter unrelated to Takeda's business or the Takeda ADSs.

6. **CDIs representing New Takeda ADSs**

The CDIs representing New Takeda ADSs reflect the economic rights attached to the New Takeda ADSs. However, the holders of CDIs representing New Takeda ADSs will not be the holders of those New Takeda ADSs and the CDIs representing New Takeda ADSs will not carry any voting rights in Takeda. The terms on which CDIs (such as the CDIs representing New Takeda ADSs) are issued and held in CREST are set out in the CREST Manual (and, in particular, the deed poll set out in the CREST International Manual) and the CREST Terms and Conditions issued by Euroclear. Further details are set out in paragraph 19.3(c)(ii) of Part II (Explanatory Statement) of this document.

Furthermore, the holders of CDIs representing New Takeda ADSs may not be able to claim either: (i) a reduction, pursuant to a double taxation convention, of the rate of 15.315 per cent. at which it is expected that tax will be withheld under Japanese law from dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda in respect of New Takeda Shares underlying New Takeda ADSs represented by CDIs; or (ii) a refund of such tax withheld in excess of the rate provided for in a double taxation convention. If holders of CDIs representing New Takeda ADSs intend to claim the benefit of any applicable double taxation convention, they may wish to cancel their CDIs as soon as practicable after the Effective Date so as to receive the underlying New Takeda ADSs. Your attention is drawn to paragraph 3.2(a) of Part VII (Taxation) of this document, which contains certain general comments on the Japanese tax treatment of dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda.

PART VI

FINANCIAL AND RATINGS INFORMATION

Part A: Financial information relating to Shire

The following sets out financial information in respect of Shire as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference pursuant to Rule 24.15 of the Takeover Code:

- the audited accounts of Shire for the financial year ended December 31, 2016, as set out on pages 119 to 184 (inclusive) of Shire's annual report for the financial year ended December 31, 2016, available from Shire's website at www.shire.com;
- the audited accounts of Shire for the financial year ended December 31, 2017, as set out on pages 114 to 178 (inclusive) of Shire's annual report for the financial year ended December 31, 2017, available from Shire's website at www.shire.com; and
- copies of Shire's First Quarter Results 2018, Shire's Second Quarter Results 2018 and Shire's Third Quarter Results 2018 are available from Shire's website at www.shire.com.

Part B: Shire ratings information

Before the Offer Period, Shire had been assigned a rating of Baa3 (outlook stable) by Moody's and BBB- (outlook stable) by Standard & Poor's.

Since the start of the Offer Period, Moody's has placed Shire's rating under review for upgrade, noting that, if consummated, the Acquisition will form a large, diverse global pharmaceutical company with strong positions in rare diseases, gastroenterology, oncology and neuroscience. Moody's publicly stated rationale was based on Shire's significant revenue base and its strong market positions in hemophilia, immunology and neuroscience. Moody's also noted that Shire's focus on products that treat rare diseases is positive as these products garner high price points. Moody's has stated that the ratings review of Shire will be tied to the ongoing ratings review of Takeda. Full details can be found on Moody's website at www.moody.com.

Since the start of the Offer Period, Standard & Poor's has placed Shire's rating on CreditWatch Positive. Standard & Poor's has stated that it believes that the Combined Group's credit profile will likely improve compared to Shire's current credit profile. Full details can be found on Standard & Poor's website at www.standardandpoors.com.

Part C: Financial information relating to Takeda

The following sets out the financial information in respect of Takeda required by Rule 24.3 of the Code. The documents referred to below are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

- the audited accounts of Takeda for the year ended March 31, 2017, as set out in excerpts from the translation of the Japanese Consolidated Financial Statements submitted to FSA (Financial Services Agency) with the Independent Auditor's Report for the year ended March 31, 2017, available from Takeda's website at www.takeda.com;
- the audited accounts of Takeda for the year ended March 31, 2018, as set out in excerpts from the translation of the Japanese Consolidated Financial Statements submitted to FSA (Financial Services Agency) with the Independent Auditor's Report for the year ended March 31, 2018, available from Takeda's website at www.takeda.com; and

- copies of Takeda's Summary of Financial Statements for the Three Months Period Ended June 30, 2018 and Takeda's Summary of Financial Statements for the Six Months Period Ended September 30, 2018 are available from Takeda's website at www.takeda.com.

Part D: Takeda ratings information

Before the Offer Period, Takeda had been assigned a rating of A1 (outlook negative) by Moody's and A- (outlook negative) by Standard & Poor's.

Since the start of the Offer Period, Takeda's rating with Moody's has been downgraded to A2, with review for further downgrade. Moody's has stated that it believes that the Acquisition will enhance Takeda's business profile. However, Moody's stated reason for the downgrade was that, even without the Acquisition, it did not expect Takeda to maintain a financial profile consistent with its previous rating of A1. In particular, Moody's cited concerns over Takeda's levels of gross debt/EBITDA. The rating is on review for a further downgrade due to the anticipated further impact of the Acquisition on levels of gross debt/EBITDA. Moody's stated that to the extent that Takeda generates free cash flow that is used to reduce debt, it is possible that its review will result in ratings in the mid- to high-Baa range. Moody's has also assigned A2 (under review for downgrade) ratings to the unsecured EUR denominated senior notes proposed to be issued by Takeda as part of the financing for the Acquisition. Full details can be found on Moody's website at www.moodys.com.

Since the start of the Offer Period, Takeda's A- rating with Standard & Poor's has been placed on CreditWatch Negative and Standard & Poor's has stated that it is likely to lower this rating to BBB- following completion of the Acquisition. Standard & Poor's has stated that the Acquisition will substantially improve Takeda's business but will also markedly increase its financial burden, therefore exerting downward pressure on its rating. Standard & Poor's has also noted, however, that Takeda's intended acceleration of asset sales could somewhat ease this pressure. Standard & Poor's has also assigned A- (CreditWatch Negative) issue credit ratings to the unsecured EUR denominated senior notes proposed to be issued by Takeda as part of the financing for the Acquisition. Full details can be found on Standard & Poor's website at www.standardandpoors.com.

Part E: No incorporation of website information

Except as expressly referred to in this document, neither the content of Shire's or Takeda's website, nor the content of any website accessible from hyperlinks on Shire's or Takeda's website, is incorporated into, or forms part of, this document.

PART VII

TAXATION

The following paragraphs relate only to certain categories of Shire Shareholders and Shire ADS Holders who are resident in the UK or the US and certain Japanese, Jersey and Irish tax consequences of holding New Takeda Shares and New Takeda ADSs (or CDIs representing New Takeda ADSs). Shire Shareholders and Shire ADS Holders who are in any doubt as to their tax position or who are resident or otherwise subject to taxation in a jurisdiction other than the UK or the US should consult an appropriately qualified independent professional tax adviser immediately.

1. UK taxation

The comments set out below summarise certain limited aspects of the UK taxation treatment of certain Shire Shareholders and Shire ADS Holders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation and what is understood to be current HMRC practice, both of which are subject to change, possibly with retrospective effect. The comments are intended as a general guide and, except insofar as express reference is made to the treatment of non-UK residents, apply only to Shire Shareholders and Shire ADS Holders who are resident for tax purposes in the UK and, in the case of an individual, domiciled for tax purposes in the UK and to whom “split year” treatment does not apply, who hold their Shire Shares and Shire ADSs as an investment (otherwise than through an individual savings account or a pension arrangement) and who are the absolute beneficial owners of their Shire Shares or their Shire ADSs. In the remainder of this paragraph 1: (i) such Shire Shareholders and Shire ADS Holders will be referred to as “UK Holders”; and (ii) references to “Shire Shares” and “New Takeda Shares” shall be read as including references to, respectively, Shire ADSs, and New Takeda ADSs and CDIs representing New Takeda ADSs (unless the context requires otherwise). The comments do not deal with certain types of UK Holders including pension funds, charities, dealers in securities, insurance companies, persons who have or could be treated for tax purposes as having acquired their Shire Shares by reason of their employment, persons who are connected with Shire or a member of the Shire Group, collective investment schemes and persons holding 10 per cent. or more of voting power in Takeda. The comments do not deal with the treatment of individuals considered non-UK domiciled for UK tax purposes and who may therefore be entitled to elect for taxation on a remittance basis.

1.1 UK capital gains tax and corporation tax on chargeable gains (“CGT”)

(a) Consequences of the Scheme for UK Holders within the charge to CGT

Subject to the following paragraph, to the extent that a UK Holder receives New Takeda Shares under the terms of the Scheme, he is not expected to be treated as having made a disposal of his Shire Shares for CGT purposes. Instead, the New Takeda Shares so received should be treated as the same asset, acquired at the same time and for the same consideration, as Shire Shares.

Under section 138 of the Taxation of Chargeable Gains Act 1992, the aforementioned “roll-over” treatment shall be denied to UK Holders who, alone or together with persons connected with them, hold more than 5 per cent. of, or of any class of, Shire Shares or debentures of Shire unless the Scheme is effected for bona fide commercial reasons and does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is an avoidance of liability to capital gains tax or corporation tax. UK Holders are advised that no application for clearance has been made or will be made under section 138 of the Taxation of Chargeable Gains Act 1992 for confirmation that HMRC is satisfied that the Scheme will be effected for bona fide commercial reasons and will not form part of any such scheme or arrangements.

To the extent that a UK Holder receives cash under the terms of the Scheme (including in respect of fractional entitlements to New Takeda Shares), he should, except to the extent

referred to in the following paragraph, be treated as making a disposal or part disposal of the relevant Shire Shares for CGT purposes which may, depending on the holder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to CGT.

If a UK Holder receives New Takeda Shares as well as cash consideration and the amount of cash received is "small" in comparison with the value of his Shire Shares, the UK Holder may elect to be treated as not having disposed of the Shire Shares in respect of which the cash was received. Instead, the cash should be treated as a deduction from the base cost of his Shire Shares rather than as a part disposal thereof (unless the cash received exceeds such base cost, in which case this treatment would not be available). Under current HMRC practice, any cash payment of £3,000 or less or which is 5 per cent. or less of the market value of a UK Holder's holding of Shire Shares should generally be treated as "small" for these purposes.

References to "cash" in this paragraph 1.1 shall be read as references to the amount of pounds Sterling received by a UK Holder who receives the cash portion of the Consideration payable to him under the Scheme in pounds Sterling pursuant to the Currency Conversion Facility and, in any other case, as references to the pounds Sterling equivalent, calculated by reference to the applicable spot rate, of the cash portion of the Consideration payable to the relevant UK Holder in US Dollars under the Scheme.

(b) *Future disposals of New Takeda Shares*

If a Shire Shareholder who has received CDIs representing New Takeda ADSs pursuant to the Scheme cancels those CDIs to receive the underlying New Takeda ADSs, such cancellation should not give rise to a disposal for the purposes of UK capital gains tax or corporation tax on chargeable gains.

(i) Individual UK Holders

A disposal or deemed disposal of New Takeda Shares by a UK Holder who is an individual may give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief. The capital gains tax annual exemption (which is £11,700 for individuals in the 2018/19 tax year) will be available to exempt any chargeable gain, to the extent it has not already been utilised by the individual UK Holder.

Capital gains tax will generally be charged at 10 per cent. to the extent that the total chargeable gains and, generally, total taxable income arising in a tax year, after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount), fall below the threshold for the higher rate of income tax. To the extent that any chargeable gains (or part of any chargeable gains) arising in a tax year exceed the threshold for the higher rate of income tax when aggregated with any such income (in the manner referred to above), capital gains tax will generally be charged at 20 per cent.

(ii) Individual Shire Shareholders or Shire ADS Holders not resident in the UK

Subject to the paragraph below, an individual Shire Shareholder or Shire ADS Holder who is not resident in the UK for tax purposes at the time of the disposal of their New Takeda Shares and who realises a gain on such a disposal will not normally be liable to UK capital gains tax. However, such a Shire Shareholder or Shire ADS Holder may be liable to UK tax on chargeable gains if, at the relevant time, that Shire Shareholder or Shire ADS Holder carries on a trade, profession or vocation in the UK through a branch or agency and the New Takeda Shares are, or have been, used, held or acquired for the purposes of such trade, profession or vocation or for the purposes of such branch or agency.

An individual Shire Shareholder or Shire ADS Holder who has been resident for tax purposes in the UK but who ceases to be so resident or becomes treated as resident outside the UK for the purposes of a double tax treaty for a period of five years or less and who disposes of all or part of his New Takeda Shares during that period may be liable to UK capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

(iii) Corporate UK Holders

A disposal or deemed disposal of New Takeda Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax (the current rate of which is 19 per cent.), depending on the circumstances and subject to any available exemption or relief.

(iv) Corporate Shire Shareholders or Shire ADS Holders not resident in the UK

A corporate Shire Shareholder or Shire ADS Holder which is not resident in the UK for tax purposes and which realises a gain will not normally be liable to UK corporation tax on chargeable gains on a disposal of their New Takeda Shares. However, a corporate Shire Shareholder or Shire ADS Holder which is not a UK resident but carries on a trade in the UK through a permanent establishment may be liable to UK corporation tax on chargeable gains if it disposes of New Takeda Shares which are, at or before the time the gain accrues, used in or for the purposes of that trade or for the purposes of the permanent establishment.

1.2 ***UK stamp duty and stamp duty reserve tax (“SDRT”)***

No UK stamp duty or SDRT will be payable by Shire Shareholders or Shire ADS Holders on the exchange of their Shire Shares for cash and New Takeda Shares under the Scheme.

On the basis that no physical instrument of transfer is executed to transfer New Takeda Shares, no UK stamp duty should be payable on a future transfer of New Takeda Shares. It is noted that, in practice, New Takeda Shares, New Takeda ADSs and CDIs representing New Takeda ADSs should be transferred electronically, in which case there should not be a physical instrument of transfer. An agreement to transfer New Takeda Shares should not give rise to SDRT.

1.3 ***Withholding tax on dividends paid in respect of New Takeda Shares***

There will be no UK withholding tax on dividends paid on New Takeda Shares.

As described in paragraph 3.2(a) of this Part VII, dividends on New Takeda Shares will, however, generally be subject to Japanese dividend withholding tax.

The current double tax treaty between Japan and the UK (the “**UK-Japan Treaty**”) makes provision in respect of withholding tax on dividends. Generally, assuming that the relevant UK Holder is entitled to the benefit of the UK-Japan Treaty, he should be entitled to:

- apply for a reduction of the Japanese withholding tax rate to 10 per cent. (the “**Japanese Tax Reduction**”); and
- claim credit against any liability to UK tax on the dividend for the tax that was so withheld at a rate of 10 per cent. (a “**Withholding Tax Credit**”).

See paragraph 3.2(a) of this Part VII for a discussion of how to obtain the applicable UK-Japan Treaty rate; UK Holders should note that they may not be able to claim the UK-Japan Treaty rate depending on whether or not they have made a Securities Election and which type of Securities Election has been made. In particular, UK Holders should note that there is some doubt over the availability of benefits under the UK-Japan Treaty to UK Holders of CDIs representing New Takeda ADSs.

To the extent that the Withholding Tax Credit cannot be used against any liability to UK tax on the dividend, it will be lost. This means that a UK Holder who is not liable to UK tax on dividends from Takeda will not be entitled to claim payment of the Withholding Tax Credit in respect of those dividends.

1.4 **UK taxation of dividends paid in respect of New Takeda Shares**

For the purpose of this paragraph 1.4, references to a dividend from or paid by Takeda shall be read as references to the pounds Sterling equivalent of the amount of the dividend before the deduction of any Japanese withholding tax (as to which see paragraphs 1.3 and 3.2(a) of this Part VII).

(a) *Individual UK Holders within the charge to UK income tax*

(i) General

The general tax treatment of dividends paid by Takeda to UK Holders who are individuals is as follows:

- All dividends received by an individual UK Holder from Takeda (or from other sources) will form part of the UK Holder's total income for income tax purposes and will represent the highest part of that income.
- A nil rate of income tax applies to the first £2,000 of taxable dividend income received by an individual UK Holder in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income. A UK Holder who is entitled to the benefit of the UK-Japan Treaty and whose taxable dividend income does not exceed the Nil Rate Amount, should be able to apply for the Japanese Tax Reduction, but his Withholding Tax Credit would be lost.
- Any taxable dividend income received by an individual UK Holder in a tax year in excess of the Nil Rate Amount is taxed at a special rate, as set out below.

(ii) Dividend Income in excess of the Nil Rate Amount

Where an individual UK Holder's taxable dividend income for a tax year exceeds the Nil Rate Amount, the excess amount (the "**Relevant Dividend Income**") will be subject to income tax:

- at the rate of 7.5 per cent., to the extent that the Relevant Dividend Income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the Relevant Dividend Income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the Relevant Dividend Income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the UK Holder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the UK Holder's total income for income tax purposes.

A UK Holder who is entitled to the benefit of the UK-Japan Treaty and whose taxable dividend income exceeds the Nil Rate Amount, should be able to apply for the Japanese Tax Reduction and use his Withholding Tax Credit to the extent that it is

equal to or lower than the tax payable on the Relevant Dividend Income. To the extent that the Withholding Tax Credit exceeds such tax, it would be lost.

(b) *Corporate UK Holders within the charge to UK corporation tax*

UK Holders within the charge to corporation tax which are “small companies” (for the purposes of the UK taxation of dividends) will not generally be subject to tax on dividends from Takeda.

Other UK Holders within the charge to corporation tax will not be subject to tax on dividends from Takeda so long as the dividends fall within an exempt class and certain conditions are met. Dividends paid on non-redeemable shares that do not carry any present or future preferential rights to dividends or to the relevant company’s assets on its winding up is an example of dividends that should fall within an exempt class.

A UK Holder who is entitled to the benefit of the UK-Japan Treaty and is not subject to tax on dividends from Takeda should be able to apply for the Japanese Tax Reduction, but its Withholding Tax Credit would be lost.

2. US taxation

The following is a description of certain US federal income tax consequences of the exchange of Shire Shares or Shire ADSs for the Consideration under the Scheme and the ownership and disposition of New Takeda Shares or New Takeda ADSs received as Consideration. This description addresses only the US federal income tax consequences applicable to US Holders (as defined below) that hold Shire Shares or Shire ADSs, and will hold New Takeda Shares or New Takeda ADSs, as capital assets (generally, assets held for investment). This description does not describe all of the tax consequences that may be relevant to US Holders in light of their particular circumstances, including alternative minimum tax consequences, the application of the “Medicare contribution tax” and differing tax consequences applicable to US Holders subject to special tax rules, such as:

- *certain financial institutions;*
- *insurance companies;*
- *real estate investment trusts or regulation investment companies;*
- *dealers or certain traders in securities;*
- *tax-exempt entities;*
- *persons that hold Shire Shares or Shire ADSs, or will hold the New Takeda Shares or New Takeda ADSs received as Consideration, as part of a “straddle” or an integrated transaction;*
- *persons that own or are deemed to own Shire Shares or Shire ADSs representing 10 per cent. or more of Shire’s stock by vote or value;*
- *persons that will own or be deemed to own after the Acquisition New Takeda Shares or New Takeda ADSs representing 10 per cent. or more of Takeda’s stock by vote or value;*
- *persons that acquired Shire Shares or Shire ADSs pursuant to the exercise of an employee stock option or otherwise as compensation;*
- *persons the “functional currency” of which is not the US Dollar; or*
- *partnerships or other entities classified as partnerships for US federal income tax purposes.*

This description does not address the US federal income tax consequences to a US Holder of holding Takeda ADSs in the form of CDIs. A US Holder that holds Takeda ADSs in the form of CDIs should

consult its own tax advisor regarding the US federal income tax consequences of holding Takeda ADSs in the form of CDIs.

No ruling has been or will be sought from the IRS regarding any US federal income tax consequences relating to the matters discussed herein. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position with respect to any US federal income tax consequences contrary to any of those described below.

This description is based on the Internal Revenue Code of 1986, as amended (the “**US Code**”), final, proposed and temporary US Treasury regulations, judicial and administrative interpretations thereof, all as of the date hereof, and the income tax treaty between Japan and the United States (the “**US-Japan Treaty**”). Changes to any of the foregoing subsequent to the date hereof may affect the US federal income tax consequences described herein, possibly with retroactive effect. This discussion does not address any aspect of state, local or non-US taxation, or any US federal tax considerations other than income taxation. US Holders should consult their tax advisors concerning the US federal, state and local, and non-US, tax consequences of the exchange of Shire Shares or Shire ADSs for the Consideration pursuant to the Scheme and the ownership and disposition of New Takeda Shares or New Takeda ADSs received as Consideration in their particular circumstances.

For purposes of this discussion, a “**US Holder**” is, for US federal income tax purposes, a beneficial owner of Shire Shares or Shire ADSs, or New Takeda Shares or New Takeda ADSs received as Consideration, that is eligible for the benefits of the US-Japan Treaty and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for US federal income tax purposes, created or organized in or under the laws of the United States or any state therein, or the District of Columbia; or
- an estate or trust the income of which is subject to US federal income taxation regardless of its source.

The US federal income tax treatment of a partner in a partnership (for US federal income tax purposes) that holds Shire Shares or Shire ADSs, or will hold New Takeda Shares or New Takeda ADSs received as Consideration, will depend on the status of the partner and the activities of the partnership. Partners in any such partnership should consult their tax advisors concerning the US federal income tax consequences to them of the exchange of Shire Shares or Shire ADSs for the Consideration pursuant to the Scheme and the ownership and disposition of New Takeda Shares or New Takeda ADSs received as Consideration.

Shire believes that it is not, and has not been for any recent taxable year, a passive foreign investment company (a “**PFIC**”) for US federal income tax purposes. However, there can be no assurance in this regard, and US Holders should consult their tax advisors concerning the consequences of their disposition of Shire Shares or Shire ADSs if Shire were a PFIC for any year during which they owned Shire Shares or Shire ADSs, including the effect of any previous relevant elections that such US Holders may have made. The remainder of this discussion assumes that Shire has not been a PFIC for any taxable year up to and including the taxable year in which the Acquisition is completed.

2.1 **Exchange of Shire Shares or Shire ADSs for the Consideration**

(a) *General*

The receipt of the Consideration by US Holders in exchange for Shire Shares or Shire ADSs pursuant to the Scheme will be a taxable transaction for US federal income tax purposes. In general, subject to the discussion below relating to the potential application of Section 304 of the US Code, for US federal income tax purposes, a US Holder will recognize taxable gain or loss in an amount equal to the difference, if any, between: (i) the sum of the amount of cash and the fair market value of the New Takeda Shares or New

Takeda ADSs received in the exchange; and (ii) such US Holder's adjusted basis in its Shire Shares or Shire ADSs exchanged therefor.

If the US Holder's holding period in the Shire Shares or Shire ADSs surrendered in the exchange is more than one year as of the date of the exchange, the capital gain or loss will be long-term capital gain or loss. Long-term capital gains of certain non-corporate US Holders, including individuals, are generally subject to US federal income tax at preferential rates. The deductibility of a capital loss is subject to limitations under the US Code. If a US Holder acquired different blocks of Shire Shares or Shire ADSs at different times or different prices, such US Holder must determine its adjusted basis and holding period separately with respect to each block of Shire Shares or Shire ADSs that it holds.

A US Holder's aggregate tax basis in the New Takeda Shares or New Takeda ADSs received in the exchange will equal the fair market value of such New Takeda Shares or New Takeda ADSs as of the date of the exchange. The holding period of the New Takeda Shares or New Takeda ADSs will begin on the day after the exchange.

(b) *Potential application of Section 304 of the US Code*

Notwithstanding the discussion in paragraph 2.1(a) of this Part VII above, the receipt of the cash portion of the Consideration by US Holders will likely be subject to Section 304 of the US Code. If persons who actually and constructively own 50 per cent. or more (by vote or value) of the stock of Shire before the Acquisition actually and constructively own 50 per cent. or more (by vote or value) of the stock of Takeda immediately after the Acquisition, Section 304 of the US Code could cause the entire amount of the cash portion of the Consideration received by a US Holder to be treated as a dividend regardless of the amount of gain or loss realized in the exchange. If Section 304 of the US Code applies to the Acquisition, the cash portion of the Consideration received by a US Holder would be treated as the proceeds of a redemption of stock deemed issued by Takeda to such US Holder. This deemed redemption would be treated either as a distribution, with the tax consequences described below, or, alternatively, a sale or exchange of shares if the deemed redemption were "substantially disproportionate" or "not essentially equivalent to a dividend" with respect to a particular US Holder.

The deemed redemption would generally be "substantially disproportionate" with respect to a US Holder if the percentage described in (2) below is less than 80 per cent. of the percentage described in (1) below. Whether the deemed redemption is "not essentially equivalent to a dividend" with respect to a US Holder will depend on the US Holder's particular circumstances. At a minimum, however, for the deemed redemption to be "not essentially equivalent to a dividend," the deemed redemption must result in a "meaningful reduction" in the US Holder's deemed percentage of stock ownership of Shire. In general, that determination requires a comparison of (1) the percentage of the outstanding stock of Shire that the US Holder is deemed actually and constructively to have owned immediately before the deemed redemption and (2) the percentage of the outstanding stock of Shire that is constructively owned (through actual and constructive ownership of Takeda after the Acquisition) by the US Holder immediately after the deemed redemption. The IRS has indicated in a revenue ruling that a minority stockholder in a publicly traded corporation will experience a "meaningful reduction" if the minority stockholder: (i) has a minimal percentage stock interest; (ii) exercises no control over corporate affairs; and (iii) experiences any reduction in its percentage stock interest. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder's option to purchase stock in addition to stock actually owned by the holder. In general, if a US Holder: (i) owns a small percentage of the total outstanding Shire Shares and Shire ADSs immediately before the Acquisition and does not have any control over Shire's corporate affairs; (ii) does not own, actually or constructively, New Takeda Shares or New Takeda ADSs after the Acquisition other than

New Takeda Shares or New Takeda ADSs received as Consideration; and (iii) receives both cash and New Takeda Shares or New Takeda ADSs as Consideration, the deemed redemption should not be “essentially equivalent to a dividend,” and accordingly should be treated as a sale or exchange rather than a distribution.

A distribution under Section 304 of the US Code will be taxable as a dividend to a US Holder to the extent of such US Holder’s allocable share of the earnings and profits of Takeda and Shire. Because Shire does not currently maintain calculations of its earnings and profits, and believes that Takeda does not currently maintain calculations of its earnings and profits, in each case under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends. While there is no controlling authority, assuming certain holding period requirements are satisfied, a reduced US federal income tax rate may be available for a dividend that a non-corporate US Holder is deemed to receive under Section 304 of the US Code. The portion of the deemed distribution not paid out of earnings and profits of Takeda and Shire will be applied against such US Holder’s tax basis in the stock deemed issued by Takeda and in the New Takeda Shares or New Takeda ADSs received as Consideration on a pro rata basis, and, to the extent in excess thereof, will be treated as gain from the sale thereof.

If the distribution under Section 304 of the US Code is taxable as a sale or exchange to a US Holder, the results for such US Holder should be similar to those described in paragraph 2.1(a) of this Part VII above.

Section 304 of the US Code and the regulations and guidance thereunder are complex and their application to the exchange of Shire Shares or Shire ADSs for the Consideration is unclear. A US Holder that actually or constructively owns both Shire Shares or Shire ADSs and New Takeda Shares or New Takeda ADSs should consult its own tax advisor with respect to the application of Section 304 of the US Code in light of its particular circumstances (including as to its tax basis in the shares subject to Section 304 of the US Code). A US Holder of Shire Shares or Shire ADSs that also owns, actually or constructively, New Takeda Shares or New Takeda ADSs should consult its tax advisor regarding the advisability of selling its shares or ADSs in either Shire or Takeda prior to the completion of the Acquisition or in Takeda immediately after the Acquisition.

(c) *Information reporting and backup withholding*

Payment of the Consideration to a US Holder generally will be subject to information reporting, and may be subject to backup withholding, if made within the United States or through certain US-related financial intermediaries, unless: (i) the US Holder is a corporation or other exempt recipient; or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder’s US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

2.2 **Ownership and disposition of New Takeda Shares and New Takeda ADSs**

(a) *Taxation of distributions*

Subject to the PFIC rules described in paragraph 2.2(a) of this Part VII below, distributions paid on New Takeda Shares or New Takeda ADSs, other than certain pro rata distributions of New Takeda Shares, will be treated as dividends to the extent paid out of Takeda’s current or accumulated earnings and profits (as determined under US federal income tax principles). Because Shire believes that Takeda does not maintain calculations of its earnings and profits under US federal income tax principles, it is expected that distributions generally will be reported to US Holders as dividends. Subject to applicable limitations,

dividends paid to certain non-corporate US Holders may be eligible for taxation as “qualified dividend income” and therefore may be taxable at rates applicable to long-term capital gains. US Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends in their particular circumstances. The amount of a dividend will include any amounts withheld by Takeda in respect of Japanese taxes. The amount of the dividend will not be eligible for the dividends-received deduction generally available to US corporations under the US Code. Dividends will be included in a US Holder’s income on the date of the US Holder’s or, in the case of New Takeda ADSs, the Takeda Depositary’s receipt of the dividend. The amount of any dividend income paid in Japanese Yen will be the US Dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US Dollars. If the dividend is converted into US Dollars on the date of receipt, a US Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A US Holder may have foreign currency gain or loss if the dividend is converted into US Dollars after the date of receipt.

Subject to applicable limitations, some of which vary depending on a US Holder’s particular circumstances, Japanese taxes withheld from dividends on New Takeda Shares or New Takeda ADSs at a rate not exceeding the rate provided by the US-Japan Treaty may be creditable against a US Holder’s US federal income tax liability. A dividend on New Takeda Shares or Takeda ADSs will generally be treated as foreign-source “passive” income for US foreign tax credit purposes. Japanese taxes withheld in excess of the rate applicable under the US-Japan Treaty will not be eligible for credit against a US Holder’s federal income tax liability. See paragraph 3.2(a) of this Part VII for a discussion of how to obtain the applicable US-Japan Treaty rate. The rules governing foreign tax credits are complex, and a US Holder should consult its own tax advisor regarding the creditability of foreign taxes in its particular circumstances.

(b) *Sale, exchange or other Taxable disposition*

Subject to the PFIC rules described in paragraph 2.2(c) of this Part VII below, for US federal income tax purposes, gain or loss realized on the sale or other disposition of New Takeda Shares or New Takeda ADSs will be capital gain or loss, and will be long-term capital gain or loss if the US Holder held the New Takeda Shares or New Takeda ADSs for more than one year. The amount of the gain or loss will equal the difference between the US Holder’s tax basis in the New Takeda Shares or New Takeda ADSs disposed of and the amount realized on the disposition, in each case as determined in US Dollars. This gain or loss will generally be US-source gain or loss for foreign tax credit purposes.

(c) *Passive Foreign Investment Company (PFIC) Rules*

Takeda has informed Shire that Takeda believes it is not a PFIC for US federal income tax purposes. However, because PFIC status depends on the composition of a company’s income and assets and the market value of its assets from time to time, there can be no assurance that Takeda will not be a PFIC for any taxable year.

If Takeda were a PFIC for any taxable year during which a US Holder held New Takeda Shares or New Takeda ADSs, gain recognized by a US Holder on a sale or other disposition (including certain pledges) of the New Takeda Shares or New Takeda ADSs would be allocated rateably over the US Holder’s holding period for the New Takeda Shares or New Takeda ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before Takeda became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the tax on such amount. Further, to the extent that any distribution received by a US Holder on its New Takeda Shares or New Takeda ADSs exceeds 125 per cent. of the average of the annual distributions on the New

Takeda Shares or New Takeda ADSs received during the preceding three years or the US Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain, described immediately above. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the New Takeda Shares or New Takeda ADSs. US Holders should consult their tax advisors to determine whether any of these elections would be available and, if so, what the consequences of the alternative treatments would be in their particular circumstances.

(d) *Information reporting and backup withholding*

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally will be subject to information reporting, and may be subject to backup withholding, unless: (i) the US Holder is a corporation or other exempt recipient; or (ii) in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

3. Japanese taxation

The following is a general description of certain Japanese tax consequences for Non-Resident UK/US Holders under the Scheme and the ownership and disposition of New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs). "Non-Resident UK/US Holders" means UK Holders (as defined in paragraph 1 of this Part VII) and US Holders (as defined in paragraph 2 of this Part VII) who will hold New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) representing less than 5 per cent. of the total number of shares issued by Takeda and who have no permanent establishment in Japan for Japanese tax purposes.

The statements regarding Japanese tax laws set forth below are based on the laws and regulations in Japan and tax treaties executed by Japan, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). No rulings or other confirmations have been sought from the Japanese tax authorities as to the Japanese tax consequences described below, and there is no guarantee that the Japanese tax authorities will respect the Japanese tax treatment described below. This summary does not include all possible tax considerations which may apply to a particular Non-Resident UK/US Holder and does not deal with certain types of Non-Resident UK/US Holders such as pension funds. It is provided only for information purposes and is not intended to provide any tax advice to any Non-Resident UK/US Holders. Non-Resident UK/US Holders are advised to satisfy themselves as to the tax consequences of the Scheme and of the ownership and disposition of New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) by consulting their own appropriately qualified independent professional Japanese tax advisers.

For the purpose of Japanese taxation, Non-Resident UK/US Holders of New Takeda ADSs will generally be treated as the owners of New Takeda Shares underlying New Takeda ADSs. On the other hand, due to a lack of guidance from the Japanese tax authorities, it is not clear whether Non-Resident UK/US Holders of CDIs representing New Takeda ADSs will generally be treated as the owners of New Takeda ADSs and then as the owners of New Takeda Shares for Japanese tax purposes.

For the purposes of this paragraph 3, "UK-Japan Treaty" shall have the meaning given to it in paragraph 1.3 of this Part VII and "US-Japan Treaty" shall have the meaning given to it in paragraph 2 of this Part VII.

3.1 Consequences of the Scheme

For Japanese tax purposes, the transaction contemplated under the Scheme would be treated as a disposal by Non-Resident UK/US Holders of their Shire Shares or Shire ADSs in exchange

for the Consideration. However, Non-Resident UK/US Holders will not be subject to: (i) Japanese income tax (whether by way of withholding or otherwise) or Japanese corporation tax on any capital gains arising from the exchange of their Shire Shares or Shire ADSs for the Consideration; or (ii) any Japanese transactional tax, consumption tax, VAT or stamp duty, as a consequence of the Scheme. No filings are required to enjoy the foregoing consequences.

3.2 **Ownership and disposition of Takeda shares**

(a) *Taxation of dividends and other distributions*

Generally, Non-Resident UK/US Holders of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) will be subject to Japanese income tax collected by way of withholding on dividends (meaning distributions from the retained earnings of Takeda for Japanese corporate law purposes) paid by Takeda.

In the absence of the application of the UK-Japan Treaty or the US-Japan Treaty, under Japanese domestic tax law, the rate of Japanese withholding tax in respect of dividends due and payable on New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) on or before December 31, 2037 is generally 15.315 per cent.; in respect of dividends paid to a Non-Resident UK/US Holder who is an individual owning 3 per cent. or more of the total number of shares issued by Takeda, the withholding tax rate will, however, be 20.42 per cent. on or before December 31, 2037. Due to the imposition of a special additional withholding tax (2.1 per cent. of the original withholding tax amount) to secure funds for reconstruction from the Great East Japan Earthquake, the original withholding tax rate of 15 per cent. and 20 per cent., as applicable, has been effectively increased, respectively, to 15.315 per cent. and 20.42 per cent., for the period beginning on January 1, 2013 and ending on December 31, 2037.

If distributions are made from the capital surplus, rather than the retained earnings, of Takeda for Japanese corporate law purposes, the portion of such distributions in excess of the amount corresponding to a pro rata portion of the return of capital as determined under Japanese domestic tax law would be deemed to be dividends for Japanese tax purposes, while the rest would be treated as a return of capital for Japanese tax purposes. The deemed dividend portion, if any, would generally be subject to the same tax treatment as dividends as described above, and the return of capital portion would generally be treated as proceeds derived from the sale of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) and subject to the same tax treatment as the sale of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) as described in paragraph 3.2(b) of this Part VII. Distributions made in consideration of the repurchase by Takeda of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) or in connection with certain reorganization transactions by Takeda will be treated substantially in the same manner.

Under the UK-Japan Treaty or the US-Japan Treaty, the above-mentioned withholding tax rate under Japanese domestic tax law may be reduced to 10 per cent. (the “**Treaty Rate**”). Non-Resident UK/US Holders who are US Holders are required to satisfy certain conditions under the limitation on benefits article of the US-Japan Treaty in order to enjoy the benefits of reduction of the withholding tax rate to 10 per cent., while Resident UK/US Holders who are UK Holders are generally not required to fulfil equivalent conditions under the UK-Japan Treaty, but they may be denied the benefit of the UK-Japan Treaty if one of the principal purposes of such UK Holders’ ownership structure is determined to be obtaining the benefit under the UK-Japan Treaty.

In order for the Treaty Rate to apply in respect of the payment of a dividend, certain procedural formalities have to be completed in advance of the payment. Non-Resident UK/US Holders of New Takeda Shares or New Takeda ADSs should refer to paragraphs 3.2(a)(i) and 3.2(a)(ii) of this Part VII for further details on the possibility of claiming, and

the procedural formalities to be completed in order to claim, the Treaty Rate in advance of a dividend payment.

Non-Resident UK/US Holders of New Takeda Shares or New Takeda ADSs who are entitled to the Treaty Rate, but fail to complete the procedural formalities within the relevant time limit may nevertheless be entitled to claim a refund from the relevant Japanese tax authorities of withholding taxes withheld in excess of the Treaty Rate, by complying with certain subsequent filing procedures in respect of which Non-Resident UK/US Holders should consult their own appropriately qualified independent professional Japanese tax advisers. It is expected that, in particular, Non-Resident UK/US Holders of New Takeda Shares who are entitled to the Treaty Rate would face significant practical difficulties if they were to try and apply for a refund of any tax withheld in excess of the Treaty Rate and they fall into one of the following categories:

- Non-Resident UK/US Holders to the extent that they hold their New Takeda Shares through the No Action Sub-Account;
- Non-Resident UK/US Holders holding their New Takeda Shares through the Corporate Nominee Facility; and
- Non-Resident UK/US Holders who have elected that their New Takeda Shares shall be sold on their behalf under the Dealing Facility.

Non-Resident UK/US Holders of CDIs representing New Takeda ADSs should read paragraph 3.2(a)(iii) of this Part VII.

- (i) Procedural formalities for Non-Resident UK/US Holders of New Takeda Shares
Non-Resident UK/US Holders of New Takeda Shares who hold their New Takeda Shares through their own JASDEC Account and are entitled to the Treaty Rate are required to submit an “Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends” (together with any other required forms and documents), through the withholding agent, to the relevant tax authorities before the payment of dividends.

In addition, given that the New Takeda Shares will be listed on the Tokyo Stock Exchange, a simplified special filing procedure is available for Non-Resident UK/US Holders who hold their New Takeda Shares through their own JASDEC Account to claim the Treaty Rate by submitting, through the relevant withholding agent, to the relevant tax authorities a “Special Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks” (together with any other required forms and documents).

It is expected that Non-Resident UK/US Holders of New Takeda Shares who hold their New Takeda Shares through the Corporate Nominee Facility should be able to claim the Treaty Rate through the Fiduciary if they complete the relevant form which will be sent to them by the Fiduciary within 14 calendar days from the Effective Date and they return such form to the Fiduciary within the time limit specified thereon. In addition, they may be required to submit the “Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends” or the “Special Application Form for Income Tax Convention Regarding Relief from Japanese Income Tax and Special Income Tax for Reconstruction on Dividends of Listed Stocks” mentioned above, each together with any other required forms and documents.

It is expected that Non-Resident UK/US Holders of New Takeda Shares would face significant practical difficulties if they were to try and claim the Treaty Rate in respect of their New Takeda Shares to the extent that they are held through the No Action

Sub-Account or if they have elected that their New Takeda Shares shall be sold on their behalf under the Dealing Facility.

- (ii) **Procedural formalities for Non-Resident UK/US Holders of New Takeda ADSs**
It is expected that the Takeda Depository will make available a process to allow Non-Resident UK/US Holders of New Takeda ADSs to claim the Treaty Rate. It is expected that, before a dividend payment date, the Takeda Depository will request certain information (such as information on the beneficial ownership of the New Takeda ADSs) from Non-Resident UK/US Holders of New Takeda ADSs and procure in accordance with applicable Japanese tax regulations that the applicable Treaty Rate is applied in respect of dividends payable to Non-Resident UK/US Holders of New Takeda ADSs who have provided the requested information or documents within the time limit notified by the Takeda Depository. Non-Resident UK/US Holders of New Takeda ADSs should note that additional fees may be payable to make use of this process.

- (iii) **Non-Resident UK/US Holders of CDIs representing New Takeda ADSs**
As noted above, due to a lack of guidance from the Japanese tax authorities, it is not clear whether Non-Resident UK/US Holders of CDIs representing New Takeda ADSs will generally be treated as the owners of New Takeda ADSs and then as the owners of New Takeda Shares for Japanese tax purposes, including whether Non-Resident UK/US Holders of CDIs representing New Takeda ADSs are entitled to the Treaty Rate and under what procedural formalities. Accordingly, as a worst case scenario, it is possible that Non-Resident UK/US Holders of CDIs representing New Takeda ADSs may be unable to enjoy the benefit of the Treaty Rate but end up with the New Takeda ADSs underlying their CDIs being subject to the Japanese withholding tax mentioned above at the Japanese domestic tax law rate of 15.315 per cent. and being unable to claim refund from the relevant Japanese tax authorities of withholding taxes withheld in excess of the Treaty Rate.

If Non-Resident UK/US Holders of CDIs representing New Takeda ADSs intend to claim the Treaty Rate, they may wish to cancel their CDIs as soon as practicable after the Effective Date so as to receive the underlying New Takeda ADSs. The application of the Treaty Rate with respect to Non-Resident UK/US Holders of New Takeda ADSs is discussed in general terms at paragraph 3.2(a)(ii) of this Part VII.

- (b) *Sale of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs)*

Gains derived from the sale of New Takeda Shares or New Takeda ADSs (including New Takeda ADSs underlying CDIs) outside Japan by Non-Resident UK/US Holders are, in general, not subject to Japanese income tax or Japanese corporation tax.

4. Jersey taxation

The following summary is based on current Jersey taxation law and practice, both of which are subject to change, possibly with retrospective effect. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each Shire Shareholder or Shire ADS Holder. It does not constitute legal or tax advice and does not address all aspects of Jersey tax law and practice.

4.1 Jersey stamp duty

No Jersey stamp duty will be payable by Shire Shareholders or Shire ADS Holders on the exchange of their Shire Shares or Shire ADSs for cash and New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) under the Scheme.

4.2 *Shire Shareholders and Shire ADS Holders (in each case, other than residents of Jersey)*

Shire Shareholders and Shire ADS Holders (in each case, other than residents of Jersey) will not be liable to any Jersey tax on the exchange of their Shire Shares or Shire ADSs for cash and New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) under the Scheme.

5. Irish taxation

The following summary is based on current Irish taxation law and practice, both of which are subject to change, possibly with retrospective effect. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each Shire Shareholder or Shire ADS Holder. It does not constitute legal or tax advice and does not address all aspects of Irish tax law and practice.

5.1 *Irish stamp duty*

No Irish stamp duty should be payable by Shire Shareholders or Shire ADS Holders on the exchange of their Shire Shares or Shire ADSs for cash and New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) under the Scheme.

5.2 *Shire Shareholders and Shire ADS Holders (in each case, other than tax residents or ordinarily tax residents of Ireland)*

Shire Shareholders and Shire ADS Holders (in each case, other than tax residents or ordinarily tax residents of Ireland) who do not hold, and have never held, their Shire Shares or Shire ADSs in connection with a trade carried on by such shareholders through an Irish branch or agency, should not be within the charge to any Irish tax on capital gains on the exchange of their Shire Shares or Shire ADSs for cash and New Takeda Shares or New Takeda ADSs (or CDIs representing New Takeda ADSs) under the Scheme.

PART VIII

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Shire Directors, whose names are set out in paragraph 2.1 of this Part VIII, accept responsibility for the information contained in this document (including any expressions of opinion and all information in respect of Shire which has been incorporated by reference into this document), except for that information for which the Takeda Directors accept responsibility in accordance with paragraph 1.2 below. To the best of the knowledge and belief of the Shire Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Takeda Directors, whose names are set out in paragraph 2.2 of this Part VIII, accept responsibility for the information contained in this document, including any expressions of opinion, relating to the Takeda Group (including, but not limited to, the sections headed “Background to, and Takeda’s reasons for, the Acquisition”, “Synergy potential of the Acquisition”, “Financial effects of the Acquisition”, “Takeda’s intentions and strategic plans for the Combined Group”, “Financing arrangements”, “Takeda dividend policy” and “Risk Factors” in Part II (Explanatory Statement) of this document, Appendix I (Risk Factors) and Appendix III (Statement of Quantified Financial Benefits) and Appendix IV (Notes to the unaudited pro forma condensed combined financial data, and all information in respect of the Takeda Group which has been incorporated by reference into this document) and the Takeda Directors, their close relatives, related trusts and other connected persons and persons acting in concert with Takeda (as such term is used in the Takeover Code). To the best of the knowledge and belief of the Takeda Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Shire Directors and their respective positions are as follows:

<u>Director</u>	<u>Position</u>
Susan Kilsby	Chairman (Non-Executive Director)
Flemming Ornskov	Chief Executive Officer (Executive Director)
Thomas Dittrich	Chief Financial Officer (Executive Director)
Olivier Bohuon	Senior Non-Executive Independent Director
Ian Clark	Non-Executive Director
Gail Fosler	Non-Executive Director
Steven Gillis	Non-Executive Director
David Ginsburg	Non-Executive Director
Sara Mathew	Non-Executive Director
Albert Stroucken	Non-Executive Director

Shire’s registered office is at 22 Grenville Street, St Helier JE4 8PX, Jersey, Channel Islands. Shire is headquartered at Block 2, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland.

2.2 The Takeda Directors and their respective positions are as follows:

<u>Director</u>	<u>Position</u>
Christophe Weber	Representative Director President and CEO
Masato Iwasaki	Director President
Andrew S. Plump	Director
Yoshiaki Fujimori	External Director
Emiko Higashi	External Director
Michel Orsinger	External Director
Masahiro Sakane	External Director
Toshiyuki Shiga	External Director
Yasuhiko Yamanaka	Director
Shiro Kuniya	External Director
Jean-Luc Butel	External Director
Koji Hatsukawa	External Director

Takeda's registered office is at 1-1 Doshomachi 4-chome, Chuo-ku, Osaka, 540-8645, Japan.

3. Persons acting in concert

- 3.1 In addition to the Shire Directors (together with their close relatives and related trusts) and members of the Shire Group (and their related pension schemes), the persons who, for the purposes of the Takeover Code, are acting in concert with Shire in respect of the Acquisition and who are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Shire</u>
Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Joint Financial Adviser
Goldman Sachs International	Peterborough Court, 133 Fleet Street, London EC4A 2BB	Joint Financial Adviser
Morgan Stanley & Co. International plc	25 Cabot Square, Canary Wharf, London E14 4QA	Joint Financial Adviser

- 3.2 In addition to the Takeda Directors (together with their close relatives and related trusts) and members of the Takeda Group (and their related pension schemes), the persons who, for the purposes of the Takeover Code, are acting in concert with Takeda in respect of the Acquisition and who are required to be disclosed are:

<u>Name</u>	<u>Registered office</u>	<u>Relationship with Takeda</u>
Evercore Partners International LLP	15 Stanhope Gate, London W1K 1LN	Joint Financial Adviser
JP Morgan Securities Japan Co., Ltd	Tokyo Building, 7-3 Marunouchi 2-chome, Chiyoda-Ku, Tokyo 100-6432	Joint Financial Adviser
J.P. Morgan Securities plc	25 Bank Street, Canary Wharf, London E14 5JP	Joint Financial Adviser
Nomura International plc	1 Angel Lane, London EC4R 3AB	Joint Financial Adviser

4. Market quotations

The following table shows the closing middle market quotations for Shire Shares on the London Stock Exchange and Takeda Shares on the Tokyo Stock Exchange on:

- (a) March 23, 2018, being the last Business Day before rumours of Takeda's possible interest in an offer for Shire;
- (b) March 27, 2018, being the last Business Day before the commencement of the Offer Period;
- (c) the first Business Day of each of the six months immediately before the date of this document; and
- (d) the Latest Practicable Date.

<u>Date</u>	<u>Shire Share (pence)</u>	<u>Takeda Share (Yen)</u>
March 23, 2018	2,980.5	5,487.0
March 27, 2018	3,070.0	5,640.0
June 1, 2018	4,035.0	4,300.0
July 2, 2018	4,215.0	4,560.0
August 1, 2018	4,404.0	4,844.0
September 3, 2018	4,488.0	4,638.0
October 1, 2018	4,543.5	4,723.0
November 1, 2018	4,610.5	4,587.0
Latest Practicable Date	4,599.0	4,647.0

5. Interests and dealings in relevant securities

5.1 *Definitions used in this section*

For the purposes of this paragraph 5:

“**acting in concert**” with Takeda or Shire, as the case may be, means any such person acting or deemed to be acting in concert with Takeda or Shire, as the case may be, for the purposes of the Takeover Code;

“**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 6 of this Part VIII);

“**connected adviser**” has the meaning given to it in the Takeover Code;

“**connected person**” in relation to a director of Takeda or Shire includes: (a) such director's spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the UK Companies Act 2006;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights (as defined in the Takeover Code) attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest(s) give(s) *de facto* control;

“**dealing**” has the meaning given to it in the Takeover Code and “**dealt**” has the corresponding meaning;

“**derivative**” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

“**Disclosure Period**” means the period commencing on March 28, 2017 (being the date 12 months before the date of commencement of the Offer Period) and ending on the Latest Practicable Date;

“**exempt fund manager**” and “**exempt principal trader**” have the meanings given to them in the Takeover Code;

“**financial collateral arrangements**” are arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code;

“**interest**” in relevant securities has the meaning given to it in the Takeover Code;

“**Offer Period**” means, in this context, the period commencing on March 28, 2018 and ending on the Latest Practicable Date;

“**relevant securities of Shire**” means:

- (A) Shire Shares and any other securities of Shire which carry voting rights;
- (B) equity share capital of Shire; and
- (C) securities of Shire carrying conversion or subscription rights into any of the foregoing;

“**relevant securities of Takeda**” means:

- (A) Takeda Shares and any other securities of Takeda which carry voting rights;
- (B) equity share capital of Takeda;
- (C) securities of Takeda which carry substantially the same rights as the New Takeda Securities; and
- (D) securities of Takeda carrying conversion or subscription rights into any of the foregoing; and

“**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

5.2 **Interests in relevant securities of Shire**

- (a) As at the Latest Practicable Date, the interests of the Shire Directors and their connected persons in relevant securities of Shire (apart from options, which are described in paragraph (b) below) were as follows:

<u>Shire Director</u>	<u>Number of Shire Shares</u>	<u>Percentage of Shire issued share capital (excluding treasury shares) (% to 3 d.p.)</u>
Susan Kilsby	26,487 (held as Shire ADSs)	0.003
Flemming Ornskov	227,874 ⁽¹⁾	0.025
Thomas Dittrich	9,400	0.001
Olivier Bohuon	2,889	<0.001
Ian Clark	1,119 (held as Shire ADSs)	<0.001
Gail Fosler	24,846 (held as Shire ADSs)	0.003
Steven Gillis	5,391 (held as Shire ADSs)	0.001
David Ginsburg	3,624 (held as Shire ADSs)	<0.001
Sara Mathew	9,012 (held as Shire ADSs)	0.001
Albert Stroucken	60,957 (held as Shire ADSs) ⁽²⁾	0.007

(1) 181,974 Shire Shares held in the form of Shire ADSs.

(2) 10,205 Shire ADSs (representing 30,615 Shire Shares) beneficially owned jointly by Albert Stroucken and his spouse, Gerda Stroucken. 4,563 Shire ADSs (representing 13,689 Shire Shares) are held on trust by Albert Stroucken for his sons.

- (b) As at the Latest Practicable Date, the Shire Directors and their connected persons held the following outstanding options and awards over relevant securities of Shire under the Shire Share Plans:

<u>Shire Director</u>	<u>Shire Share Plan</u>	<u>Award Type</u>	<u>Maximum number of Shire Shares awarded⁽¹⁾</u>	<u>Date of grant</u>	<u>Exercise price per grant (\$)</u>	<u>Normal exercise period/ vesting date</u>
Flemming Ornskov	Shire Deferred Bonus Plan 2015	Restricted stock units	12,735 ⁽²⁾	March 11, 2016	Nil	March 11, 2019
	Shire Deferred Bonus Plan 2015	Restricted stock units	11,163 ⁽²⁾	March 10, 2017	Nil	March 10, 2020
	Shire Deferred Bonus Plan 2015	Restricted stock units	10,470 ⁽²⁾	March 9, 2018	Nil	March 9, 2021
	Shire Long Term Incentive Plan 2015	Performance stock units	97,491 ⁽²⁾	February 26, 2016	Nil	February 26, 2019
	Shire Long Term Incentive Plan 2015	Performance stock units	68,706 ⁽²⁾	February 28, 2017	Nil	February 28, 2020
	Shire Long Term Incentive Plan 2015	Performance stock units	134,346 ⁽²⁾	May 1, 2018	Nil	May 1, 2021
	Shire Long Term Incentive Plan 2015	Stock appreciation rights	30,093 ⁽²⁾	April 30, 2015	245.48 ⁽³⁾	April 30, 2018 ⁽⁴⁾
	Shire Long Term Incentive Plan 2015	Stock appreciation rights	129,987 ⁽²⁾	February 26, 2016	161.42 ⁽³⁾	February 26, 2019
	Shire Long Term Incentive Plan 2015	Stock appreciation rights	91,608 ⁽²⁾	February 28, 2017	181.63 ⁽³⁾	February 28, 2020
	Shire Portfolio Share Plan	Stock appreciation rights	136,803 ⁽²⁾	February 28, 2013	95.04 ⁽³⁾	February 28, 2016 ⁽⁴⁾
	Shire Portfolio Share Plan	Stock appreciation rights	56,952 ⁽²⁾	May 2, 2013	91.59 ⁽³⁾	May 2, 2016 ⁽⁴⁾
	Shire Portfolio Share Plan	Stock appreciation rights	102,522 ⁽²⁾	February 28, 2014	168.54 ⁽³⁾	February 28, 2017 ⁽⁴⁾
Thomas Dittrich	Shire Long Term Incentive Plan 2015	Performance stock units	7,584	March 29, 2018	Nil	March 29, 2021
	Shire Long Term Incentive Plan 2015	Performance stock units	50,518	May 1, 2018	Nil	May 1, 2021

(1) All unvested awards are subject to the achievement of performance conditions, adjusted at the date of vesting, with the exception of restricted stock unit awards. Vested but unexercised stock appreciation rights are no longer subject to the achievement of performance conditions. Restricted stock unit and performance stock unit awards are subject to adjustment pursuant to the relevant Shire Share Plan's dividend equivalence provisions, to reflect dividends paid between date of grant and date of vesting.

(2) Shire Shares subject to award in the form of Shire ADSs.

(3) Subscription price applicable to exercise of award in the form of Shire ADSs.

(4) Vested but not yet exercised.

- (c) As at the Latest Practicable Date, the interests of persons acting in concert with Shire in relevant securities of Shire were as follows:

SHIRE SHARES

<u>Name</u>	<u>Number of Shire securities</u>	<u>Nature of interest</u>	<u>Interest in Shire issued share capital (excluding treasury shares) as at the Latest Practicable Date (% to 3 d.p.)</u>
Citibank N.A. Zurich	867.00	Long	<0.001
Citibank Channel Islands	31,139.00	Long	0.003
Citibank London	339,535.00	Long	0.037
Citibank Switzerland	98,394.00	Long	0.012
Cititrust Bahamas	160.00	Long	<0.001

SHIRE ADSs

<u>Name</u>	<u>Number of Shire securities</u>	<u>Nature of interest</u>	<u>Interest in Shire issued share capital (excluding treasury shares) as at the Latest Practicable Date (% to 3 d.p.)</u>
CITICORP TRUST, NA (FL)	96.00	Long	<0.001
Citicorp Trust South Dakota	4,368.00	Long	<0.001

- (d) As at the Latest Practicable Date, the interests of Takeda and persons acting in concert with Takeda in relevant securities of Shire were as follows:

<u>Name</u>	<u>Number of Shire securities</u>	<u>Interest in Shire issued share capital (excluding treasury shares) as at the Latest Practicable Date (% to 3 d.p.)</u>
J.P. Morgan Securities LLC (PCS)	2,331 (Equity Depository Receipt (Long)) (other than Rule 8 exempt entities)	<0.001
J.P. Morgan Chase Bank (Custody)	2 (Equity Common Shares (Long))	<0.001
J.P. Morgan Chase Bank (Custody)	165 (Equity Depository Receipt (Long)) (other than Rule 8 exempt entities)	<0.001

- (e) Prior to the completion of the Baxalta Merger, Shire held 100 shares in the issued common stock of Baxalta which were converted into the right to receive a combination of cash and new Shire Shares on the Baxalta Merger becoming effective. As a result, Shire's nominee currently holds approximately \$2,000 in cash and 14 Shire ADSs, representing 42 Shire Shares, on Shire's behalf. Shire intends to procure that its nominee sells the relevant Shire ADSs on Shire's behalf and donates the proceeds (net of any applicable customary transaction and dealing costs), together with the associated cash balance, to charity before the Voting Record Time.

5.3 Dealings of relevant securities in Shire

(a) During the Offer Period, the following dealings in relevant securities of Shire by Shire Directors and their connected persons, and persons acting in concert with Shire have taken place:

(i) Shire Directors and their connected persons

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares (or Shire Shares underlying Shire ADSs)</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
Susan Kilsby	March 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Kilsby's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	615	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Kilsby's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	549	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Ms. Kilsby's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	468	\$179.99
Flemming Ornskov	April 30, 2018	Receipt of Shire ADSs following the vesting of performance stock units granted under the Shire Long Term Incentive Plan 2015	22,926	Nil
	April 30, 2018	Automated sale to settle income tax liability in respect of the vesting of performance stock units granted under the Shire Long Term Incentive Plan 2015	10,809	\$160.01
	April 30, 2018	Adjustment on vesting to the maximum number of shares subject to an unexercised share option awarded under the Shire Long Term Incentive Plan 2015 to reflect achievement of performance conditions	Lapse of 49,101 Shire Shares subject to award (in the form of Shire ADSs)	Subscription price per Shire ADS remains \$245.48
	May 1, 2018	Receipt of performance stock units in respect of notional Shire ADSs awarded under the Shire Long Term Incentive Plan 2015	134,346	Nil

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares (or Shire Shares underlying Shire ADSs)</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
	October 31, 2018	Receipt of Shire ADSs following the vesting and automatic exercise of an option granted under the Shire Global Employee Stock Purchase Plan	297	\$125.49
Thomas Dittrich	March 29, 2018	Receipt of performance stock units in respect of notional Shire Shares awarded under the Shire Long Term Incentive Plan 2015	7,584	Nil
	May 1, 2018	Receipt of performance stock units in respect of notional Shire Shares awarded under the Shire Long Term Incentive Plan 2015	50,518	Nil
Olivier Bohuon	29 March, 2018	Acquisition of Shire Shares, being the part of Mr. Bohuon's total fees that are paid in Shire Shares for the period of service from January 1 to March 31, 2018.	163	£34.55
	June 29, 2018	Acquisition of Shire Shares, being the part of Mr. Bohuon's total fees that are paid in Shire Shares for the period of service from April 1 to June 30, 2018.	171	£42.99
	September 28, 2018	Acquisition of Shire Shares, being the part of Mr. Bohuon's total fees that are paid in Shire Shares for the period of service from July 1 2018 to September 30, 2018.	141	£46.35
Ian Clark	March 29, 2018	Acquisition of Shire ADSs, being the part of Mr. Clark's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	195	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Mr. Clark's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	207	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Mr. Clark's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	153	\$179.99

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares (or Shire Shares underlying Shire ADSs)</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
Gail Fosler	March 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Fosler's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	186	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Fosler's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	240	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Ms. Fosler's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	171	\$179.99
Steven Gillis	March 29, 2018	Acquisition of Shire ADSs, being the part of Dr. Gillis' total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	213	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Dr. Gillis' total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	219	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Dr. Gillis' total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	174	\$179.99
David Ginsburg	March 29, 2018	Acquisition of Shire ADSs, being the part of Dr. Ginsburg's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	198	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Dr. Ginsburg's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	210	\$168.80

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares (or Shire Shares underlying Shire ADSs)</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
	September 28, 2018	Acquisition of Shire ADSs, being the part of Dr. Ginsburg's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	159	\$179.99
Sara Mathew	March 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Mathew's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	171	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Ms. Mathew's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	219	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Ms. Mathew's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	171	\$179.99
Albert Stroucken	March 29, 2018	Acquisition of Shire ADSs, being the part of Mr. Stroucken's total fees that are paid in Shire ADSs for the period of service from January 1 to March 31, 2018.	258	\$146.50
	June 29, 2018	Acquisition of Shire ADSs, being the part of Mr. Stroucken's total fees that are paid in Shire ADSs for the period of service from April 1 to June 30, 2018.	261	\$168.80
	September 28, 2018	Acquisition of Shire ADSs, being the part of Mr. Stroucken's total fees that are paid in Shire ADSs for the period of service from July 1 to September 30, 2018.	183	\$179.99
William Burns	March 29, 2018	Acquisition of Shire Shares, being the part of Mr. Burns' total fees that are paid in Shire Shares for the period of service from January 1 to March 31, 2018.	187	£34.55

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares (or Shire Shares underlying Shire ADSs)</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
Dominic Blakemore	March 29, 2018	Acquisition of Shire Shares, being the part of Mr. Blakemore's total fees that are paid in Shire Shares for the period of service from January 1 to March 31, 2018.	184	£34.55
Anne Minto	March 29, 2018	Acquisition of Shire Shares, being the part of Ms. Minto's total fees that are paid in Shire Shares for the period of service from January 1 to March 31, 2018.	184	£34.55

(ii) Persons acting in concert with Shire

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares</u>	<u>Price per share (£)</u>
Citibank Switzerland	November 7, 2018	Sale of shares	29,351	£45.3950
Citibank Switzerland	November 7, 2018	Sale of shares	7,337	£45.6970
Citibank Switzerland	November 7, 2018	Sale of shares	5,132	£45.4250
Citibank Switzerland	November 6, 2018	Sale of shares	16,009	£45.3538
Citibank Switzerland	November 2, 2018	Sale of shares	145	£45.3200
Citibank Switzerland	November 1, 2018	Sale of shares	13	£46.2400
Citibank Switzerland	October 12, 2018	Sale of shares	23	£42.9650
Citibank Switzerland	September 27, 2018	Sale of shares	546	£46.1600
Citibank Switzerland	September 19, 2018	Sale of shares	28	£44.7150
Citibank Switzerland	September 19, 2018	Sale of shares	87	£44.6850
Citibank Switzerland	September 19, 2018	Sale of shares	79	£44.6800
Citibank Switzerland	August 6, 2018	Sale of shares	321	£44.2950
Citibank Switzerland	July 31, 2018	Sale of shares	287	£43.4013
Citibank Switzerland	July 27, 2018	Sale of shares	129	£44.9260
Citibank Switzerland	July 19, 2018	Sale of shares	68	£44.3281
Citibank Switzerland	July 13, 2018	Sale of shares	119	£43.5871
Citibank Switzerland	July 6, 2018	Sale of shares	312	£42.7852
Citibank Switzerland	June 21, 2018	Sale of shares	736	£40.8771
Citibank Switzerland	May 15, 2018	Sale of shares	261	£41.9915
Citibank Zurich	November 7, 2018	Sale of shares	410	£45.3950
Citibank Zurich	November 7, 2018	Sale of shares	102	£45.6970
Citibank Zurich	November 7, 2018	Sale of shares	71	£45.4250
Citibank Zurich	November 6, 2018	Sale of shares	255	£45.3538
Citibank Zurich	October 8, 2018	Sale of shares	2,112	£43.9274
Citibank Zurich	September 28, 2018	Sale of shares	489	£46.2363
Citibank Zurich	September 24, 2018	Sale of shares	1,074	£45.1445
Citibank Channel Islands	November 7, 2018	Sale of shares	12,106	£45.3950
Citibank Channel Islands	November 7, 2018	Sale of shares	2,127	£45.4250
Citibank Channel Islands	November 7, 2018	Sale of Shares	3,028	£45.6970
Citibank Channel Islands	November 6, 2018	Sale of shares	7,564	£45.3538
Citibank Channel Islands	October 8, 2018	Sale of shares	1,186	£43.9274
Citibank Channel Islands	October 8, 2018	Sale of shares	2,278	£43.9274
Citibank Channel Islands	August 28, 2018	Sale of shares	141	£45.6051
Citibank Channel Islands	May 11, 2018	Sale of shares	108	£40.4388
Citibank London	November 7, 2018	Sale of shares	158,133	£45.3950
Citibank London	November 7, 2018	Sale of shares	27,680	£45.4250
Citibank London	November 7, 2018	Sale of shares	39,533	£45.6970
Citibank London	November 6, 2018	Sale of shares	98,785	£45.3538

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Shire Shares</u>	<u>Price per share (£)</u>
Citibank London	October 24, 2018	Sale of shares	1,101	£44.9431
Citibank London	October 24, 2018	Sale of shares	226	£44.8891
Citibank London	October 18, 2018	Sale of shares	777	£45.1604
Citibank London	October 12, 2018	Sale of shares	6,518	£43.0450
Citibank London	October 12, 2018	Sale of shares	17	£43.1600
Citibank London	October 11, 2018	Sale of shares	67	£42.7175
Citibank London	October 9, 2018	Sale of shares	163	£43.7701
Citibank London	October 9, 2018	Sale of shares	21	£43.9900
Citibank London	October 8, 2018	Sale of shares	56	£44.0000
Citibank London	October 8, 2018	Sale of shares	390	£43.9274
Citibank London	October 8, 2018	Sale of shares	427	£43.9274
Citibank London	October 8, 2018	Sale of shares	185	£43.9274
Citibank London	October 8, 2018	Sale of shares	343	£43.9274
Citibank London	October 8, 2018	Sale of shares	313	£43.9274
Citibank London	October 8, 2018	Sale of shares	357	£43.9274
Citibank London	October 8, 2018	Sale of shares	388	£43.9274
Citibank London	October 8, 2018	Sale of shares	1,901	£43.9274
Citibank London	October 8, 2018	Sale of shares	218	£43.9274
Citibank London	October 8, 2018	Sale of shares	308	£43.9274
Citibank London	October 8, 2018	Sale of shares	203	£43.9274
Citibank London	October 8, 2018	Sale of shares	189	£43.9274
Citibank London	October 8, 2018	Sale of shares	880	£43.9274
Citibank London	October 8, 2018	Sale of shares	318	£43.9274
Citibank London	October 8, 2018	Sale of shares	1,565	£43.9274
Citibank London	October 8, 2018	Sale of shares	1,169	£43.9274
Citibank London	October 8, 2018	Sale of shares	464	£43.9274
Citibank London	October 8, 2018	Sale of shares	726	£43.9274
Citibank London	October 8, 2018	Sale of shares	120	£43.8805
Citibank London	September 28, 2018	Sale of shares	33	£46.2500
Citibank London	September 28, 2018	Sale of shares	98	£46.3900
Citibank London	September 27, 2018	Sale of shares	30	£46.1600
Citibank London	September 27, 2018	Sale of shares	43	£46.1600
Citibank London	September 27, 2018	Sale of shares	31	£46.1600
Citibank London	September 27, 2018	Sale of shares	175	£46.1600
Citibank London	September 27, 2018	Sale of shares	20	£46.1600
Citibank London	September 27, 2018	Sale of shares	103	£46.1600
Citibank London	September 27, 2018	Sale of shares	38	£46.1600
Citibank London	September 25, 2018	Sale of shares	10	£45.2900
Citibank London	September 24, 2018	Sale of shares	127	£45.2124
Citibank London	September 21, 2018	Sale of shares	1,815	£45.5065
Citibank London	September 19, 2018	Sale of shares	1,251	£44.8801
Citibank London	August 30, 2018	Sale of shares	409	£45.0400
Citibank London	August 28, 2018	Sale of shares	310	£45.5494
Citibank London	August 17, 2018	Sale of shares	151	£44.3750
Citibank London	August 15, 2018	Sale of shares	392	£44.2657
Citibank London	August 2, 2018	Sale of shares	234	£43.9400
Citibank London	July 26, 2018	Sale of shares	1,543	£43.5572
Citibank London	July 18, 2018	Sale of shares	19,389	£43.9656
Citibank London	July 16, 2018	Sale of shares	317	£43.1567
Citibank London	July 10, 2018	Sale of shares	291	£43.2900
Citibank London	June 22, 2018	Sale of shares	1,079	£40.6825
Citibank London	May 17, 2018	Sale of shares	212	£42.1422
Citibank London	May 11, 2018	Sale of shares	1,065	£40.4388

- (b) During the Disclosure Period, the following dealings in relevant securities of Shire by Takeda Directors and their connected persons have taken place:

<u>Name</u>	<u>Date</u>	<u>Number of Shire Shares purchased</u>	<u>Number of Shire ADSs sold</u>	<u>Equivalent number of Shire Shares</u>	<u>Price per Shire Share (£) or Shire ADS (\$)</u>
Jean-Luc Butel	May 11, 2018	N/A	3,692	11,076	\$165.27
Jean-Luc Butel	May 14, 2018	N/A	3,691	11,073	\$168.73

5.4 *Interests in relevant securities of Takeda*

- (a) As at the Latest Practicable Date, the interests of the Takeda Directors and their connected persons in relevant securities of Takeda (apart from options, which are described in paragraph (b) below) were as follows:

<u>Takeda Director</u>	<u>Number of Takeda Shares</u>	<u>Percentage of Takeda issued share capital (excluding treasury shares) (% to 3 d.p.)</u>
Christophe Weber	148,200	0.019
Masato Iwasaki	13,096	0.002
Yoshiaki Fujimori	1,800	<0.001
Masahiro Sakane	900	<0.001
Toshiyuki Shiga	1,300	<0.001
Yasuhiko Yamanaka	17,900	0.002
Shiro Kuniya	1,800	<0.001
Koji Hatsukawa	900	<0.001

- (b) As at the Latest Practicable Date, the Takeda Directors and their connected persons held the following outstanding options and awards over relevant securities of Takeda under the Takeda share plans:

<u>Takeda Director</u>	<u>Takeda share plan</u>	<u>Award type</u>	<u>Maximum number of Takeda Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per grant (¥)</u>	<u>Normal exercise period/ vesting date</u>
Christophe Weber	BIP	Allotment of shares	145,392	September 1, 2016, July 1, 2017, July 1, 2018	N/A	June 1, 2019, June 1, 2020 and June 1, 2021
Masato Iwasaki	BIP	Allotment of shares	8,634	September 1, 2016, July 1, 2017, July 1, 2018	N/A	June 1, 2019, June 1, 2020 and June 1, 2021
Yoshiaki Fujimori	BIP	Allotment of shares	2,713	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Emiko Higashi	BIP	Allotment of shares	6,532	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Michel Orsinger	BIP	Allotment of shares	6,532	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Masahiro Sakane	BIP	Allotment of shares	2,713	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Toshiyuki Shiga	BIP	Allotment of shares	2,713	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Yasuhiko Yamanaka	BIP	Allotment of shares	7,601	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement

<u>Takeda Director</u>	<u>Takeda share plan</u>	<u>Award type</u>	<u>Maximum number of Takeda Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per grant (¥)</u>	<u>Normal exercise period/ vesting date</u>
Shiro Kuniya	BIP	Allotment of shares	2,713	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Jean-Luc Butel	BIP	Allotment of shares	6,532	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Koji Hatsukawa	BIP	Allotment of shares	2,713	September 1, 2016, July 1, 2017, July 1, 2018	N/A	On retirement
Andrew S. Plump	ESOP	Allotment of shares	52,831	July 1, 2016, July 1, 2017, July 1, 2018		June 1, 2019, June 1, 2020 and June 1, 2021
Yasuhiko Yamanaka	Stock Acquisition Right	Stock Option	7,000 ordinary shares (70 Stock Acquisition Rights)	June 25, 2010	Payment value: 3,028 per share Financial value to be invested upon execution: 1 per share	July 11, 2013 to July 10, 2020
Yasuhiko Yamanaka	Stock Acquisition Right	Stock Option	10,100 ordinary shares (101 Stock Acquisition Rights)	June 24, 2011 (Series 1)	Payment value: 2,726 per share Financial value to be invested upon execution: 1 per share	July 16, 2014 to July 15, 2021
Masato Iwasaki	Stock Acquisition Right	Stock Option	42,900 ordinary shares (429 Stock Acquisition Rights)	June 24, 2011 (Series 2)	Payment value: 427 per share Financial value to be invested upon execution: 3,705 per share	July 16, 2014 to July 15, 2031
Masato Iwasaki	Stock Acquisition Right	Stock Option	7,900 ordinary shares (79 Stock Acquisition Rights)	June 26, 2012 (Series 1)	Payment value: 2,678 per share Financial value to be invested upon execution: 1 per share	July 18, 2015 to July 17, 2022
Yasuhiko Yamanaka	Stock Acquisition Right	Stock Option	10,700 ordinary shares (107 Stock Acquisition Rights)	June 26, 2012 (Series 1)	Payment value: 2,678 per share Financial value to be invested upon execution: 1 per share	July 18, 2015 to July 17, 2022

<u>Takeda Director</u>	<u>Takeda share plan</u>	<u>Award type</u>	<u>Maximum number of Takeda Shares awarded</u>	<u>Date of grant</u>	<u>Exercise price per grant (¥)</u>	<u>Normal exercise period/ vesting date</u>
Masato Iwasaki	Stock Acquisition Right	Stock Option	6,100 ordinary shares (61 Stock Acquisition Rights)	June 26, 2013 (Series 1)	Payment value: 3,709 per share Financial value to be invested upon execution: 1 per share	July 20, 2016 to July 19, 2023
Yasuhiko Yamanaka	Stock Acquisition Right	Stock Option	8,200 ordinary shares (82 Stock Acquisition Rights)	June 26, 2013 (Series 1)	Payment value: 3,709 per share Financial value to be invested upon execution: 1 per share	20 July 2016 to 19 July 2023

Board Incentive Plan (“BIP”)

Under the BIP, Takeda Shares are acquired under a trust and are granted to Takeda Directors based on their achievement of certain performance indicators. Takeda Shares allotted to the external directors (being Yoshiaki Fujimori, Emiko Higashi, Michel Orsinger, Masahiro Sakane and Toshiyuki Shiga) and directors who are Audit and Supervisory Committee members (being Yasuhiko Yamanaka, Shiro Kuniya, Jean-Luc Butel and Koji Hatsukawa, of whom all but Yasuhiko Yamanaka are also external directors) under the BIP are held on trust until the retirement of those directors. Takeda Shares allotted to non-Japan resident directors are sold in the market and those directors receive cash in lieu of shares. As shares are automatically allocated as part of a share compensation programme, there is no exercise price or expiry date.

Employee Stock Ownership Plan (“ESOP”)

Under the ESOP, Takeda Shares are granted to employees based on their position and achievement of certain performance indicators (among other criteria). Beneficiaries may opt to convert shares to be allotted to them into cash under the provisions of the trust agreement. Vesting is generally conditional on continued service from the date of grant to the date of vesting. Takeda Shares allotted to non-Japan resident beneficiaries are sold in the market and those employees receive cash in lieu of Takeda Shares. As shares are automatically allocated as part of a share compensation programme, there is no exercise price or expiry date.

Stock Acquisition Rights

Takeda issued stock options (“**Stock Acquisition Rights**”) to its directors and senior employees until 2013, when this programme was replaced by the BIP/ESOP programmes referred to above. It is a condition of execution of all Stock Acquisition Rights that the person exercising that Stock Acquisition Right is a Takeda Director at the time the right is exercised, unless that director: (i) has resigned; (ii) has retired due to expiration of term of office; or (iii) there is any other valid reason.

- (c) As at the Latest Practicable Date, the interests of persons acting in concert with Takeda in relevant securities of Takeda were as follows:

TAKEDA SHARES

Name	Number of Takeda securities	Interest in Takeda issued share capital (excluding treasury shares) as at the Latest Practicable Date (% to 3 d.p.)
Watanabe Chemical Co Ltd	12,000	0.002
Amato Pharmaceutical Products Ltd	275,000	0.035
J.P. Morgan Securities LLC (PCS)	168 (Equity Depositary Receipt (Long)) (other than Rule 8 exempt entities)	<0.001

- (d) As at the Latest Practicable Date, the interests of Shire and persons acting in concert with Shire in relevant securities of Takeda were as follows:

Name	Details of Takeda securities		Nature of interest	Interest in Takeda issued share capital (excluding treasury shares) as at the Latest Practicable Date (% to 3 d.p.)
	Type	Number		Date
Citigroup Global Markets Funding Luxembourg S.C.A.	OTC Derivatives	213,973.43	Long	0.027
Citigroup Global Markets Hong Kong	Ordinary shares	210,328	Long	0.026
Citigroup Global Markets Hong Kong	Ordinary shares	13,800	Short	0.002
Citigroup Global Markets Japan	Ordinary shares	666,400	Long	0.084
Citigroup Global Markets Japan	Ordinary shares	166,501	Short	0.021
CITICORP TRUST, NA (FL)	ADRs (1.0:0.5)	1,665.50	Long	<0.001
Citicorp Trust South Dakota (GS) Goldman Sachs Japan Co., LTD.	ADRs (1.0:0.5)	16,193.50	Long	<0.001
(GS) Goldman Sachs Japan Co., LTD.	Ordinary shares	1,855,400	Long	0.236
(GS) Goldman Sachs Japan Co., LTD.	Ordinary shares	8,500	Short	0.001
Goldman Sachs & Co. LLC	Ordinary shares	19,791	Long	0.002
Goldman Sachs & Co. LLC	Ordinary shares	221,300	Short	0.028
Goldman Sachs & Co. LLC	ADRs (1.0:0.5)	221,300	Long	0.028
Goldman Sachs & Co. LLC	ADRs (1.0:0.5)	210,947	Short	0.026
Goldman Sachs & Co. LLC	Swaps (1.0:0.5)	53,200	Short	0.006
Goldman Sachs & Co. LLC	CFD (1.0:0.5)	210,947	Long	0.026
(GS) Goldman Sachs Japan Co., LTD.	Ordinary shares	11,824,800	Borrowed	1.507
(GS) Goldman Sachs Japan Co., LTD.	Ordinary shares	13,921,800	Lent	1.775

5.5 Dealings of relevant securities in Takeda

- (a) During the Disclosure Period, the following dealings in relevant securities of Takeda by Takeda Directors and their connected persons have taken place:

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Takeda Shares</u>	<u>Price</u>
Koji Hatsukawa	April 25, 2017	Acquisition of shares under the SOPEO	44.444	JPY 1,000
Yasuhiko Yamanaka	April 25, 2017	Acquisition of shares under the SOPEO	11.111	JPY 1,000
Toshiyuki Shiga	April 25, 2017	Acquisition of shares under the SOPEO	66.667	JPY 1,000
Masato Iwasaki	April 25, 2017	Acquisition of shares under the SOPEO	22.223	JPY 1,000
Koji Hatsukawa	May 25, 2017	Acquisition of shares under the SOPEO	29.629	JPY 1,000
Yasuhiko Yamanaka	May 25, 2017	Acquisition of shares under the SOPEO	7.407	JPY 1,000
Toshiyuki Shiga	May 25, 2017	Acquisition of shares under the SOPEO	44.444	JPY 1,000
Masato Iwasaki	May 25, 2017	Acquisition of shares under the SOPEO	14.815	JPY 1,000
Koji Hatsukawa	June 25, 2017	Acquisition of shares under the SOPEO	41.187	JPY 1,000
Yasuhiko Yamanaka	June 25, 2017	Acquisition of shares under the SOPEO	10.213	JPY 1,000
Toshiyuki Shiga	June 25, 2017	Acquisition of shares under the SOPEO	61.835	JPY 1,000
Masato Iwasaki	June 25, 2017	Acquisition of shares under the SOPEO	20.538	JPY 1,000
Christophe Weber	July 1, 2017	Automatic vesting of shares under the BIP	64,429	N/A
Masato Iwasaki	July 1, 2017	Automatic vesting of shares under the BIP	3,634	N/A
Andrew S. Plump	July 1, 2017	Automatic vesting of shares under the ESOP	23,643	N/A
Masahiro Sakane	July 1, 2017	Automatic vesting of shares under the BIP	788	N/A
Toshiyuki Shiga	July 1, 2017	Automatic vesting of shares under the BIP	788	N/A
Yoshiyaki Fujimori	July 1, 2017	Automatic vesting of shares under the BIP	788	N/A
Emiko Higashi	July 1, 2017	Automatic vesting of shares under the BIP	1,967	N/A
Michael Orsinger	July 1, 2017	Automatic vesting of shares under the BIP	1,967	N/A
Yasuhiko Yamanaka	July 1, 2017	Automatic vesting of shares under the BIP	2,207	N/A
Jean-Luc Butel	July 1, 2017	Automatic vesting of shares under the BIP	1,967	N/A
Shiro Kuniya	July 1, 2017	Automatic vesting of shares under the BIP	788	N/A
Koji Hatsukawa	July 1, 2017	Automatic vesting of shares under the BIP	788	N/A
Christophe Weber	July 10, 2017	Automatic vesting of shares under the BIP	47,900	N/A
Christophe Weber	July 10, 2017	Automatic vesting of shares under the BIP (and immediate sale thereof for cash in lieu of shares)	48,159	N/A
Masato Iwasaki	July 10, 2017	Automatic vesting of shares under the BIP	3,300	N/A

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Takeda Shares</u>	<u>Price</u>
Masato Iwasaki	July 10, 2017	Automatic vesting of shares under the BIP (and immediate sale thereof for cash in lieu of shares)	3,530	N/A
Yasuhiko Yamanaka	July 10, 2017	Automatic vesting of shares under the BIP	2,200	N/A
Yasuhiko Yamanaka	July 10, 2017	Automatic vesting of shares under the BIP (and immediate sale thereof for cash in lieu of shares)	2,320	N/A
Andrew S. Plump	July 10, 2017	Sale of shares vested under the ESOP for cash in lieu of shares	13,434	N/A
Koji Hatsukawa	July 25, 2017	Acquisition of shares under the SOPEO	34.44	JPY 1,000
Yasuhiko Yamanaka	July 25, 2017	Acquisition of shares under the SOPEO	9.38	JPY 1,000
Toshiyuki Shiga	July 25, 2017	Acquisition of shares under the SOPEO	50.488	JPY 1,000
Masato Iwasaki	July 25, 2017	Acquisition of shares under the SOPEO	16.923	JPY 1,000
Koji Hatsukawa	August 25, 2017	Acquisition of shares under the SOPEO	20.419	JPY 1,000
Yasuhiko Yamanaka	August 25, 2017	Acquisition of shares under the SOPEO	5.131	JPY 1,000
Toshiyuki Shiga	August 25, 2017	Acquisition of shares under the SOPEO	30.589	JPY 1,000
Yoshiaki Fujimori	August 25, 2017	Acquisition of shares under the SOPEO	33.663	JPY 1,000
Masato Iwasaki	August 25, 2017	Acquisition of shares under the SOPEO	10.199	JPY 1,000
Koji Hatsukawa	September 25, 2017	Acquisition of shares under the SOPEO	40.257	JPY 1,000
Yasuhiko Yamanaka	September 25, 2017	Acquisition of shares under the SOPEO	10.08	JPY 1,000
Toshiyuki Shiga	September 25, 2017	Acquisition of shares under the SOPEO	60.361	JPY 1,000
Yoshiaki Fujimori	September 25, 2017	Acquisition of shares under the SOPEO	69.181	JPY 1,000
Masato Iwasaki	September 25, 2017	Acquisition of shares under the SOPEO	20.122	JPY 1,000
Koji Hatsukawa	October 25, 2017	Acquisition of shares under the SOPEO	20.022	JPY 1,000
Yasuhiko Yamanaka	October 25, 2017	Acquisition of shares under the SOPEO	5.006	JPY 1,000
Toshiyuki Shiga	October 25, 2017	Acquisition of shares under the SOPEO	30.031	JPY 1,000
Yoshiaki Fujimori	October 25, 2017	Acquisition of shares under the SOPEO	34.93	JPY 1,000
Masato Iwasaki	October 25, 2017	Acquisition of shares under the SOPEO	10.01	JPY 1,000
Koji Hatsukawa	November 25, 2017	Acquisition of shares under the SOPEO	40.016	JPY 1,000
Yasuhiko Yamanaka	November 25, 2017	Acquisition of shares under the SOPEO	10.005	JPY 1,000
Toshiyuki Shiga	November 25, 2017	Acquisition of shares under the SOPEO	60.023	JPY 1,000
Yoshiaki Fujimori	November 25, 2017	Acquisition of shares under the SOPEO	69.95	JPY 1,000
Masato Iwasaki	November 25, 2017	Acquisition of shares under the SOPEO	20.007	JPY 1,000
Koji Hatsukawa	December 25, 2017	Acquisition of shares under the SOPEO	40.487	JPY 1,000

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Takeda Shares</u>	<u>Price</u>
Yasuhiko Yamanaka	December 25, 2017	Acquisition of shares under the SOPEO	10.297	JPY 1,000
Toshiyuki Shiga	December 25, 2017	Acquisition of shares under the SOPEO	59.652	JPY 1,000
Yoshiaki Fujimori	December 25, 2017	Acquisition of shares under the SOPEO	69.592	JPY 1,000
Masato Iwasaki	December 25, 2017	Acquisition of shares under the SOPEO	19.969	JPY 1,000
Shiro Kuniya	December 31, 2017	Acquisition of shares under CSIP	100	N/A
Koji Hatsukawa	January 25, 2018	Acquisition of shares under the SOPEO	20.01	JPY 1,000
Yasuhiko Yamanaka	January 25, 2018	Acquisition of shares under the SOPEO	5.005	JPY 1,000
Toshiyuki Shiga	January 25, 2018	Acquisition of shares under the SOPEO	29.994	JPY 1,000
Yoshiaki Fujimori	January 25, 2018	Acquisition of shares under the SOPEO	34.993	JPY 1,000
Masato Iwasaki	January 25, 2018	Acquisition of shares under the SOPEO	9.999	JPY 1,000
Koji Hatsukawa	February 25, 2018	Acquisition of shares under the SOPEO	40.006	JPY 1,000
Yasuhiko Yamanaka	February 25, 2018	Acquisition of shares under the SOPEO	10.003	JPY 1,000
Toshiyuki Shiga	February 25, 2018	Acquisition of shares under the SOPEO	59.997	JPY 1,000
Yoshiaki Fujimori	February 25, 2018	Acquisition of shares under the SOPEO	69.997	JPY 1,000
Masato Iwasaki	February 25, 2018	Acquisition of shares under the SOPEO	20	JPY 1,000
Koji Hatsukawa	March 25, 2018	Acquisition of shares under the SOPEO	40	JPY 1,000
Yasuhiko Yamanaka	March 25, 2018	Acquisition of shares under the SOPEO	10	JPY 1,000
Toshiyuki Shiga	March 25, 2018	Acquisition of shares under the SOPEO	59.999	JPY 1,000
Yoshiaki Fujimori	March 25, 2018	Acquisition of shares under the SOPEO	69.999	JPY 1,000
Masato Iwasaki	March 25, 2018	Acquisition of shares under the SOPEO	19.999	JPY 1,000
Koji Hatsukawa	April 25, 2018	Acquisition of shares under the SOPEO	40	JPY 1,000
Yasuhiko Yamanaka	April 25, 2018	Acquisition of shares under the SOPEO	10	JPY 1,000
Toshiyuki Shiga	April 25, 2018	Acquisition of shares under the SOPEO	60.001	JPY 1,000
Yoshiaki Fujimori	April 25, 2018	Acquisition of shares under the SOPEO	70.001	JPY 1,000
Masato Iwasaki	April 25, 2018	Acquisition of shares under the SOPEO	20	JPY 1,000
Koji Hatsukawa	May 25, 2018	Acquisition of shares under the SOPEO	40	JPY 1,000
Yasuhiko Yamanaka	May 25, 2018	Acquisition of shares under the SOPEO	9.999	JPY 1,000
Toshiyuki Shiga	May 25, 2018	Acquisition of shares under the SOPEO	60	JPY 1,000
Yoshiaki Fujimori	May 25, 2018	Acquisition of shares under the SOPEO	70	JPY 1,000
Masato Iwasaki	May 25, 2018	Acquisition of shares under the SOPEO	20	JPY 1,000

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Takeda Shares</u>	<u>Price</u>
Koji Hatsukawa	June 25, 2018	Acquisition of shares under the SOPEO	40	JPY 1,000
Yasuhiko Yamanaka	June 25, 2018	Acquisition of shares under the SOPEO	9.918	JPY 1,000
Toshiyuki Shiga	June 25, 2018	Acquisition of shares under the SOPEO	60.055	JPY 1,000
Yoshiaki Fujimori	June 25, 2018	Acquisition of shares under the SOPEO	70.082	JPY 1,000
Masato Iwasaki	June 25, 2018	Acquisition of shares under the SOPEO	19.945	JPY 1,000
Toshiyuki Shiga	July 1, 2018	Automatic vesting of shares under the BIP	961	N/A
Yoshiaki Fujimori	July 1, 2018	Automatic vesting of shares under the BIP	961	N/A
Andrew S. Plump	July 1, 2018	Automatic vesting of shares under the ESOP	29,899	N/A
Christophe Weber	July 1, 2018	Automatic vesting of shares under the BIP	82,003	N/A
Emiko Higashi	July 1, 2018	Automatic vesting of shares under the BIP	2,361	N/A
Jean-Luc Butel	July 1, 2018	Automatic vesting of shares under the BIP	2,361	N/A
Koji Hatsukawa	July 1, 2018	Automatic vesting of shares under the BIP	961	N/A
Masahiro Sakane	July 1, 2018	Automatic vesting of shares under the BIP	961	N/A
Masato Iwasaki	July 1, 2018	Automatic vesting of shares under the BIP	4,878	N/A
Michel Orsinger	July 1, 2018	Automatic vesting of shares under the BIP	2,361	N/A
Shiro Kuniya	July 1, 2018	Automatic vesting of shares under the BIP	961	N/A
Yasuhiko Yamanaka	July 1, 2018	Automatic vesting of shares under the BIP	2,693	N/A
Christophe Weber	July 10, 2018	Automatic vesting of shares under the BIP	66,500	N/A
Christophe Weber	July 10, 2018	Automatic vesting of shares under the BIP (and immediate sale thereof for cash in lieu of shares)	66,794	N/A
Masato Iwasaki	July 10, 2018	Automatic vesting of shares under the BIP	4,000	N/A
Masato Iwasaki	July 10, 2018	Automatic vesting of shares under the BIP (and immediate sale thereof for cash in lieu of shares)	4,146	N/A
Andrew S. Plump	July 10, 2018	Sale of shares vested to Andrew Plump under the ESOP for cash in lieu of shares	48,965	N/A
Koji Hatsukawa	July 25, 2018	Acquisition of shares under the SOPEO	40.28	JPY 1,000
Yasuhiko Yamanaka	July 25, 2018	Acquisition of shares under the SOPEO	10.772	JPY 1,000
Toshiyuki Shiga	July 25, 2018	Acquisition of shares under the SOPEO	59.326	JPY 1,000
Yoshiaki Fujimori	July 25, 2018	Acquisition of shares under the SOPEO	69.773	JPY 1,000
Masato Iwasaki	July 25, 2018	Acquisition of shares under the SOPEO	19.847	JPY 1,000
Koji Hatsukawa	August 25, 2018	Acquisition of shares under the SOPEO	40.076	JPY 1,000
Yasuhiko Yamanaka	August 25, 2018	Acquisition of shares under the SOPEO	10.208	JPY 1,000

<u>Name</u>	<u>Date(s)</u>	<u>Nature of dealings</u>	<u>Number of Takeda Shares</u>	<u>Price</u>
Toshiyuki Shiga	August 25, 2018	Acquisition of shares under the SOPEO	59.819	JPY 1,000
Yoshiaki Fujimori	August 25, 2018	Acquisition of shares under the SOPEO	69.940	JPY 1,000
Masato Iwasaki	August 25, 2018	Acquisition of shares under the SOPEO	19.959	JPY 1,000
Koji Hatsukawa	September 25, 2018	Acquisition of shares under the SOPEO	60.035	JPY 1,000
Masato Iwasaki	September 25, 2018	Acquisition of shares under the SOPEO	29.981	JPY 1,000
Toshiyuki Shiga	September 25, 2018	Acquisition of shares under the SOPEO	89.917	JPY 1,000
Yoshiaki Fujimori	September 25, 2018	Acquisition of shares under the SOPEO	104.972	JPY 1,000
Yasuhiko Yamanaka	September 25, 2018	Acquisition of shares under the SOPEO	15.096	JPY 1,000
Shiro Kuniya	September 30, 2018	Acquisition of shares under CSIP	100	N/A
Koji Hatsukawa	October 25, 2018	Acquisition of shares under the SOPEO	40	JPY 1,000
Masato Iwasaki	October 25, 2018	Acquisition of shares under the SOPEO	19.999	JPY 1,000
Toshiyuki Shiga	October 25, 2018	Acquisition of shares under the SOPEO	59.999	JPY 1,000
Yoshiaki Fujimori	October 25, 2018	Acquisition of shares under the SOPEO	70	JPY 1,000
Yasuhiko Yamanaka	October 25, 2018	Acquisition of shares under the SOPEO	10.001	JPY 1,000

Stock Ownership Plan for Executive Officers (“SOPEO”)

The SOPEO was established as a method for executive officers to acquire treasury stocks without concerns of violating Japanese insider trading regulations. Executive officers who opt into the plan make monthly contributions of JPY 1,000 in blocks of between 10 units (JPY 10,000) and 990 units (JYP 990,000) (with such contributions being deducted from that officer’s monthly remuneration). The acquisition of treasury stocks is then entrusted to securities companies who make the acquisitions on the officers’ behalf without the influence of individual investment decisions and according to a specified stock ownership plan. The dealing undertaken by the securities companies on behalf of the executive officer under the SOPEO normally occurs on or around the 25th of every month (but this is not a fixed date, and the exact date is not confirmed to Takeda). Dividends received from the SOPEO are used to acquire further Takeda Shares. If the member’s remaining equity reaches 100 Takeda Shares or more, the member may withdraw shares at any time with no additional cost. Withdrawn shares will be transferred to the member’s account.

Cumulative Stock Investment Programme (“CSIP”)

Mr Kuniya makes a monthly contribution of JPY 50,000 into a private CSIP. The acquisition of Takeda shares is entrusted to a securities company which makes the acquisitions on Mr Kuniya’s behalf without the influence of individual investment decisions and according to the rules set by the securities company. Once Mr Kuniya’s interest under the CSIP reaches one Takeda share unit (i.e. 100 Takeda shares), the securities company will transfer such unit to Mr Kuniya’s account.

- (b) During the Offer Period, the following dealings in relevant securities of Takeda by Shire Directors and their connected persons, Shire and persons acting in concert with Shire have taken place:

(i) Persons acting in concert with Shire

Name	Date	Nature of dealings	Details of Takeda securities		High Price per Takeda security	Low Price per Takeda security
			Type	Number		
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Purchase	Ordinary shares	30,105,699	5285.0000 JPY	4243.0000 JPY
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Sale	Ordinary shares	30,946,799	5532.0000 JPY	4243.0000 JPY
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Purchase	Ordinary shares	746,380	43.1600 USD	39.1100 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Sale	Ordinary shares	221,300	41.6500 USD	39.6000 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Purchase	Ordinary shares	18,984,740	5532.0000 JPY	4203.0000 JPY
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Sale	Ordinary shares	20,557,350	5500.0000 JPY	4203.0000 JPY
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Purchase	ADRs (1.0:0.5)	2,966,964	21.8100 USD	19.4000 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Sale	ADRs (1.0:0.5)	1,326,571	21.6900 USD	19.0300 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Purchase	CFD (1.0:0.5)	542,735	21.6500 USD	19.3268 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Sale	CFD (1.0:0.5)	120,842	21.8100 USD	19.4400 USD
Goldman Sachs & Co. LLC	28/03/2018 – 07/11/2018	Sale	Swaps (1.0:0.5)	53,200	41.8389 USD	41.0390 USD
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Borrow	Ordinary shares	29,588,730	–	–
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Borrow Return/Partial Return	Ordinary shares	17,763,930	–	–
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Loan	Ordinary shares	244,561,646	–	–
(GS) Goldman Sachs Japan Co., LTD.	28/03/2018 – 07/11/2018	Loan Return/Partial Return	Ordinary shares	230,639,846	–	–

5.6 General

Except as disclosed in this document, as at the Latest Practicable Date:

- (a) no member of the Takeda Group had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Shire nor has any such person dealt in any relevant securities of Shire or in any relevant securities of Takeda during the Disclosure Period;
- (b) none of the Takeda Directors and their connected persons had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Shire or relevant securities of Takeda nor has any such person dealt in any relevant securities of Shire or in any relevant securities of Takeda during the Disclosure Period;
- (c) no person deemed to be acting in concert with Takeda had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Shire or relevant securities of Takeda nor has any such person dealt in any

relevant securities of Shire or in any relevant securities of Takeda during the Disclosure Period;

- (d) no person who has an arrangement with Takeda had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Shire or relevant securities of Takeda nor has any such person dealt in any relevant securities of Shire or in any relevant securities of Takeda during the Disclosure Period;
- (e) neither Takeda, nor any person acting in concert with it, has borrowed or lent any relevant securities of Shire or relevant securities of Takeda, save for any borrowed shares which have been either on-lent or sold;
- (f) no member of the Shire Group had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Takeda nor has any such person dealt in any relevant securities of Takeda or any relevant securities of Shire during the Offer Period;
- (g) none of the Shire Directors and their connected persons had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Takeda or relevant securities of Shire nor has any such person dealt in any relevant securities of Takeda or any relevant securities of Shire during the Offer Period;
- (h) no person deemed to be acting in concert with Shire had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Takeda or relevant securities of Shire nor has any such person dealt in any relevant securities of Takeda or any relevant securities of Shire during the Offer Period;
- i) no person who has an arrangement with Shire had any interest in, right to subscribe in respect of, any short position (whether conditional or absolute or whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery of relevant securities of Takeda or relevant securities of Shire nor has any such person dealt in any relevant securities of Takeda or any relevant securities of Shire during the Offer Period; and
- (j) neither Shire, nor any person acting in concert with it, has borrowed or lent any relevant securities of Shire or relevant securities of Takeda, save for any borrowed shares which have been either on-lent or sold.

6. Irrevocable undertakings

Takeda has received irrevocable undertakings from those of the Shire Directors who hold Shire Shares to vote in favour of the Scheme at the Court Meeting and the Special Resolution relating to the Acquisition to be proposed at the Shire General Meeting in respect of their own beneficial holdings totalling 371,599 Shire Shares (including such Shire Shares underlying Shire ADSs) (representing approximately 0.041 of the ordinary issued share capital of Shire on the Latest Practicable Date) comprised as follows:

<u>Shire Director</u>	<u>Number of Shire Shares</u>
Susan Kilsby	26,487 (held as Shire ADSs)
Flemming Ornskov	227,874 (including 181,974 held as Shire ADSs)
Thomas Dittrich	9,400
Olivier Bohuon	2,889
Ian Clark	1,119 (held as Shire ADSs)
Gail Fosler	24,846 (held as Shire ADSs)
Steven Gillis	5,391 (held as Shire ADSs)
David Ginsburg	3,624 (held as Shire ADSs)
Sara Mathew	9,012 (held as Shire ADSs)
Albert Stroucken	60,957 (held as Shire ADSs)
Total	371,599

The obligations of the Shire Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) Takeda announces that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme or Takeover Offer is announced by Takeda in accordance with Rule 2.7 of the Takeover Code at the same time;
- (b) in circumstances where the Acquisition is being implemented by way of the Scheme and Takeda elects to exercise its right to effect a Switch (as defined in the Co-operation Agreement) in accordance with the terms of the Co-operation Agreement, if the Offer Document (as defined in the Co-operation Agreement) has not been despatched within 28 calendar days of the date of issue of the press announcement announcing the change in structure (or such later date as the Panel may agree);
- (c) on the earlier of: (i) the Long Stop Date; and (ii) the date on which the Scheme (or Takeover Offer, as applicable) lapses or is withdrawn in accordance with its terms (other than where such lapse or withdrawal: (a) is as a result of the exercise of Takeda's right to effect a Switch (as defined in the Co-operation Agreement) in accordance with the terms of the Co-operation Agreement; or (b) is otherwise to be followed by an announcement under Rule 2.7 of the Takeover Code made by Takeda or a person acting in concert with Takeda to implement the Acquisition by a different offer or scheme on substantially the same or improved terms and which is recommended by the Shire Directors); or
- (d) any competing offer for the entire issued and to be issued ordinary share capital of Shire is made which is declared wholly unconditional (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement).

Shire has received irrevocable undertakings from those of the Takeda Directors who hold Takeda Shares to vote in favour of the Takeda Resolutions in respect of their own beneficial holdings totalling 185,896 Takeda Shares as at the Takeda Voting Record Date (representing approximately 0.02 per cent. of the ordinary issued share capital of Takeda on the Takeda Voting Record Date), comprised as follows:

<u>Takeda Director</u>	<u>Number of Takeda Shares</u>
Christophe Weber	148,200
Masato Iwasaki	13,096
Yoshiaki Fujimori	1,800
Masahiro Sakane	900
Toshiyuki Shiga	1,300
Yasuhiko Yamanaka	17,900
Shiro Kuniya	1,800
Koji Hatsukawa	900
Total	185,896

The other Takeda Directors do not hold Takeda Shares. The obligations of the Takeda Directors under the irrevocable undertakings shall lapse and cease to have effect on and from the earlier of the following occurrences:

- (a) Takeda announces that it does not intend to proceed with the Acquisition and no new, revised or replacement Scheme is announced by Takeda in accordance with Rule 2.7 of the Takeover Code at the same time;
- (b) the Scheme Document is not despatched on or before December 31, 2018 (or such later date as Shire and Takeda, with the consent of the Panel, may agree);
- (c) on the earlier of: (i) the Long Stop Date; and (ii) the date on which the Scheme (or Takeover Offer, as the case may be) lapses or is withdrawn in accordance with its terms (other than where such lapse or withdrawal: (a) is as a result of the exercise of Takeda's right to effect a Switch (as defined in the Co-operation Agreement) in accordance with the terms of the Co-operation Agreement; or (b) is otherwise to be followed by an announcement under Rule 2.7 of the Takeover Code made by Takeda or a person acting in concert with Takeda to implement the Acquisition by a different offer or scheme on substantially the same or improved terms and which is recommended by the Shire Directors); or
- (d) any competing offer for the issued and to be issued ordinary share capital of Shire is made which is declared wholly unconditional (if implemented by way of a takeover offer) or otherwise becomes effective (if implemented by way of a scheme of arrangement).

7. Service contracts and letters of appointment of the Shire Directors

7.1 *Shire Executive Directors*

The Shire Executive Directors have entered into service agreements with the Shire Group as summarised below:

- (a) Flemming Ornskov is engaged under a service agreement with Shire dated October 24, 2012, under which he receives an annual base salary of \$1,688,000. He was appointed as Chief Executive Officer Designate of Shire on January 2, 2013 before his appointment as Chief Executive Officer on April 30, 2013. Thomas Dittrich is engaged under a service agreement with Shire dated November 19, 2017, under which he receives an annual base salary of CHF 750,000. He became Chief Financial Officer of Shire on March 19, 2018.
- (b) Shire makes contributions of 30 per cent., in the aggregate, of annual base salary for Flemming Ornskov into a combination of Shire's 401K plan and the Shire Group supplemental executive retirement plan and 14 per cent. of annual base salary for Thomas Dittrich into Shire's Swiss pension plan.
- (c) The benefits provided to Flemming Ornskov and Thomas Dittrich include a monthly car allowance, long-term disability and life insurance, healthcare insurance and financial and tax advisory support. Shire also reimburses each Shire Executive Director for reasonable expenses incurred by them while performing their duties.
- (d) Flemming Ornskov and Thomas Dittrich are each eligible to earn an annual bonus under Shire's Deferred Bonus Plan 2015, with current target bonus levels of 90 per cent. and 80 per cent. of annual base salary respectively and maximum bonus levels of 180 per cent. and 160 per cent. of annual base salary respectively. 75 per cent. of any bonus earned is payable in cash and 25 per cent. of any bonus earned is deferred into shares granted under Shire's Deferred Bonus Plan 2015, which normally vest after a period of three years (see paragraph 12 of Part II (Explanatory Statement) of this document for further details). Bonuses under the Shire Deferred Bonus Plan 2015 are based solely on corporate performance (judged by reference to a combination of financial, operational and strategic objectives).

- (e) Flemming Ornskov and Thomas Dittrich are also eligible to participate in the Shire Long Term Incentive Plan 2015. Awards granted under the Shire Long Term Incentive Plan 2015 normally vest after three years subject to any performance conditions being satisfied and have an additional two-year holding period post-vesting. For 2018, an annual equity grant was made to Flemming Ornskov under Shire's Long Term Incentive Plan 2015 with a maximum face value of 425 per cent. of his annual base salary. An annual equity grant was also made to Thomas Dittrich under Shire's Long Term Incentive Plan 2015 following his appointment with a maximum face value of 357 per cent. of his annual base salary. Each equity grant is subject to customary terms applicable to members of the executive committee. See paragraph 12 of Part II (Explanatory Statement) of this document for further details of the Shire Long Term Incentive Plan 2015.
- (f) In addition, Thomas Dittrich was granted a replacement equity award to compensate him for partial forfeiture of his 2016 long term incentive award from his previous employment with Sulzer AG. The replacement equity award was granted on March 29, 2018, subject to the terms of the Shire Long Term Incentive Plan 2015 with a maximum face value of CHF 333,333. The award, comprised of 100 per cent. performance share units, will vest after three years, subject to Shire's 2018 performance conditions being satisfied, with no consideration payable if the performance conditions are not satisfied. No other replacement awards or payments were made to Thomas Dittrich.
- (g) Each Shire Executive Director's service agreement is terminable without cause by either party on 12 months' notice. Following the giving of such notice, Shire may accelerate the date of termination but, if it does so, it must pay the Shire Executive Director's base salary for the remainder of the notice period, and must provide the other benefits due to him for the notice period. If the Shire Executive Director obtains an alternative remunerated position, these payments from Shire will be reduced by the monthly base remuneration from such alternative position. As an alternative to giving notice, Shire may in its discretion terminate the employment of a Shire Executive Director immediately by making him a payment in lieu of notice equal to his salary and other benefits in respect of any unexpired period of notice.

7.2 ***The Chairman and the other Shire Non-Executive Directors***

The Shire Non-Executive Directors have entered into letters of appointment with the Shire Group as summarised below:

- (a) Details of the appointment of the Shire Non-Executive Directors are shown in the table below:

<u>Shire Non-Executive Director</u>	<u>Date of appointment</u>
Susan Kilsby	September 1, 2011
Olivier Bohuon	July 1, 2015
Ian Clark	January 3, 2017
Gail Fosler	June 3, 2016
Steven Gillis	October 1, 2012
David Ginsburg	June 16, 2010
Sara Mathew	September 1, 2015
Albert Stroucken	June 3, 2016

- (b) The Chairman is appointed under a letter of appointment with Shire with an effective date of September 1, 2014. The Chairman receives an annual basic fee of £450,000.
- (c) The Senior Independent Director and the other Shire Non-Executive Directors are each engaged under a letter of appointment with Shire, under which they receive an annual basic fee of £98,000 and £93,000 respectively.

- (d) Shire also pays additional fees as set out below:
- (i) Sara Mathew and Albert Stroucken are entitled to an additional annual fee of £25,000 in relation to their positions as chair of the Audit, Compliance & Risk Committee and the Remuneration Committee respectively;
 - (ii) David Ginsburg is entitled to an additional annual fee of £20,000 in relation to his position as chair of the Science & Technology Committee;
 - (iii) members of the Audit, Compliance & Risk Committee and the Remuneration Committee (excluding the Committee Chairmen) are entitled to an additional annual fee of £12,500;
 - (iv) members of the Science & Technology Committee (excluding the Committee Chairman) are entitled to an additional annual fee of £10,000;
 - (v) members of the Nomination & Governance Committee (excluding the Committee Chairman) are entitled to an additional annual fee of £8,750;
 - (vi) each Shire Non-Executive Director (excluding the Chairman) is entitled to an additional fee of £2,000 per meeting for attending board meetings in addition to those scheduled as part of the normal course of business;
 - (vii) each Shire Non-Executive Director (excluding the Chairman) is entitled to an additional fee of £1,000 per meeting for attending board committee meetings in addition to those scheduled as part of the normal course of business; and
 - (viii) the Chairman and each Shire Non-Executive Director is entitled to an additional fee of £5,000 per board meeting where transatlantic travel is required in order to attend.
- (e) The Chairman and the other Shire Non-Executive Directors receive 25 per cent. of their total fees in the form of shares. Shire also reimburses the Chairman and each Shire Non-Executive Director for reasonable expenses incurred by them while performing their duties.
- (f) David Ginsburg's letter of appointment also contains specific provisions acknowledging his principal employer's rights in respect of its property and proprietary information, and its policies as applicable to him.
- (g) The Shire Non-Executive Directors are initially appointed for a two-year term. Their initial appointment, and any subsequent reappointments, are subject to election, and thereafter annual re-election, in accordance with the UK Corporate Governance Code. Both parties may terminate the relevant Shire Non-Executive Director's appointment on three months' written notice, in which case Shire will pay their fees and any expenses due up to the date on which their appointment terminates. None of the appointment letters for the Shire Non-Executive Directors contains provisions for any other specific payment or compensation in the event of termination of the appointment.
- (h) Under the terms of a letter of re-appointment dated July 31, 2018, Steven Gillis will continue to serve as a Shire Non-Executive Director for a term of two years from October 1, 2018, subject to annual re-election, the provisions of the Shire Articles and not less than three months' notice of termination in writing given by either party. The terms of the letter of re-appointment are identical to the terms of Steven Gillis's previous letter of re-appointment dated September 9, 2016, as summarised above.

7.3 **Other service contracts**

Except as disclosed above, there are no service contracts or letters of appointment between any Shire Director, or proposed director of Shire, and any member of the Shire Group and no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.

8. Retention arrangements

Takeda wishes to ensure strong business momentum through retention and to ensure that employees are fairly treated. Accordingly, Takeda has agreed (and the Panel has confirmed) that Shire may implement employee retention arrangements (including the Executive Director Retention Arrangements) for a number of key Shire employees throughout the organisation who have been identified by Shire after consultation with Takeda. See paragraph 6.7 at Part II (Explanatory Statement) of this document for further details of the Executive Director Retention Arrangements.

9. Material contracts

9.1 Shire material contracts

(a) Co-operation Agreement

Takeda and Shire have entered into a Co-operation Agreement dated May 8, 2018 pursuant to which Takeda has agreed to use all reasonable endeavours to implement the Acquisition and to secure the regulatory clearances and authorisations necessary to satisfy the Regulatory Conditions.

Takeda and Shire have agreed to certain undertakings to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to such regulatory clearances and authorisations. Takeda has also given certain undertakings in relation to the Takeda Extraordinary General Meeting and the obtaining of the necessary approvals from Takeda Shareholders.

Takeda has the right to terminate the Co-operation Agreement where:

- (i) the Scheme Document is not posted by December 31, 2018 (or such later date as may, with the consent of the Panel, be agreed between Takeda and Shire);
- (ii) the Court Meeting or Shire General Meeting is not held by December 27, 2018 (or such later date as may, with the consent of the Panel, be agreed between Takeda and Shire and the Court may allow), subject to certain permitted adjournments as specified in the Co-operation Agreement;
- (iii) the Scheme is not approved at the Court Meeting, the Special Resolution is not passed at the Shire General Meeting or the Court refuses to sanction the Scheme or grant the Court Order;
- (iv) the Shire Directors have withdrawn, or adversely modified, adversely qualified or failed to provide, or they have failed to reaffirm (when reasonably requested by Takeda to do so) their unanimous and unconditional recommendation that the Shire Shareholders vote in favour of the Scheme and the Special Resolution (including before publication of the Scheme Document, their intention to do so);
- (v) a competing transaction is recommended by the Shire Directors or becomes effective; or
- (vi) any Condition has become incapable of satisfaction by the Long Stop Date or waiver by the Long Stop Date (in circumstances where invocation of the relevant Condition is permitted by the Panel) or has not been waived by Takeda (where it has the right to do so).

Either Takeda or Shire may terminate the Co-operation Agreement on the occurrence of any of the break fee triggers described below. Takeda and Shire may also terminate the Co-operation Agreement by mutual consent.

The Co-operation Agreement will also terminate if:

- (i) the Acquisition is withdrawn or lapses before the Long Stop Date, other than where Takeda has exercised its right to implement the Acquisition by way of a Takeover Offer with Shire's consent or where such Takeover Offer otherwise continues to be recommended by the Shire Directors; or
- (ii) the Scheme (or Takeover Offer, as the case may be) has not become effective by the Long Stop Date.

Takeda has agreed to pay a break fee to Shire in certain circumstances. Further information concerning the circumstances in which such a break fee would be payable, and the amount that would be payable, is set out in paragraphs 11.4, 16 and 17.3 of Part II (Explanatory Statement) of this document.

(b) *Agreement for the sale of Shire's Oncology franchise*

On April 16, 2018, Shire Pharmaceutical Holdings Ireland Limited ("**Shire Holdings**") entered into an Asset and Stock Purchase Agreement (the "**Servier ASPA**"), pursuant to which Shire Holdings agreed to sell its Oncology business to Servier S.A.S. ("**Servier**") for a total consideration of \$2.4 billion in cash. The sale of the Oncology business pursuant to the Servier ASPA was completed on August 31, 2018. In connection with the Servier ASPA, Servier obtained a representations and warranty insurance policy, which is Servier's sole recourse in respect of the non-fundamental representations and warranties of Shire Holdings contained in the Servier ASPA. Shire Holdings agreed to certain limited indemnification obligations (subject to agreed limitations on liabilities), including in respect of: (i) fundamental representations and warranties of Shire Holdings; (ii) certain tax matters; (iii) covenants of Shire Holdings; (iv) liabilities expressly not assumed by Servier; and (v) certain other specified liabilities.

(c) *Sponsors' Agreement*

On April 18, 2016, Shire, Evercore and Morgan Stanley entered into an agreement pursuant to which Shire appointed Evercore and Morgan Stanley as joint sponsors in connection with: (i) the Baxalta Merger; (ii) the approval and publication of the Shire circular and prospectus in connection with the Baxalta Merger; and (iii) the application for new Shire Shares to be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

(d) *RCF and Term Facility Amendments*

On December 12, 2014, Shire entered into a \$2.1 billion revolving credit facilities agreement with a number of financial institutions (the "**RCF**"), as amended on November 25, 2015.

On November 2, 2015, Shire entered into a \$5.6 billion term facilities agreement comprising three credit facilities with a number of financial institutions (the "**Term Facility**"). The facilities agreement includes customary representations and warranties, covenants and events of default and restricts, subject to certain exceptions, Shire's ability to incur additional financial indebtedness, grant security over its assets or provide loans/grant credit.

On January 15, 2016, pursuant to the terms and conditions contained therein, Shire Acquisitions Investments Ireland DAC ("**SAIIDAC**"), a wholly owned subsidiary of Shire, acceded as an additional borrower and additional guarantor to the Term Facility and as additional guarantor to the RCF.

- (i) Extension of the RCF
On December 1, 2016, the termination date of the RCF was extended, in accordance with its terms, by one year from December 12, 2020 to December 12, 2021 with respect to all drawn and undrawn commitments under the RCF.
 - (ii) Amendment to the RCF and Term Facility
On December 1, 2016, the terms of each of the RCF and Term Facility were amended to update certain of the schedules contained therein relating to existing security, existing loans and existing financial indebtedness of certain Shire subsidiaries, primarily to permit certain inherited subsidiary-level security, loans and other financial indebtedness to subsist.
 - (iii) Accession of Baxalta to the RCF and Term Facility
On December 1, 2016, Baxalta, a wholly owned subsidiary of Shire, acceded as additional guarantor to each of the RCF and Term Facility pursuant to the terms and conditions contained therein.
- (e) *SAIIDAC Notes*
- (i) Indenture
On September 23, 2016, Shire announced the completion of the previously announced offering of: (i) \$3,300,000,000 aggregate principal amount of 1.900 per cent. Senior Notes due 2019 (the “**2019 Notes**”); (ii) \$3,300,000,000 aggregate principal amount of 2.400 per cent. Senior Notes due 2021 (the “**2021 Notes**”); (iii) \$2,500,000,000 aggregate principal amount of 2.875 per cent. Senior Notes due 2023 (the “**2023 Notes**”); and (iv) \$3,000,000,000 aggregate principal amount of 3.200 per cent. Senior Notes due 2026 (the “**2026 Notes**” and, together with the 2019 Notes, the 2021 Notes and the 2023 Notes, the “**Notes**”) in each case issued by SAIIDAC and guaranteed by Shire. In connection with the issue of the Notes, SAIIDAC and Shire entered into an indenture, dated September 23, 2016 (the “**Base Indenture**”), among SAIIDAC, Shire and Deutsche Bank Trust Company Americas (the “**Trustee**”), as supplemented by a First Supplemental Indenture, among SAIIDAC, Shire and the Trustee, dated September 23, 2016 (the “**First Supplemental Indenture**”) and a Second Supplemental Indenture, among SAIIDAC, Shire, Baxalta and the Trustee, dated December 1, 2016 (the “**Second Supplemental Indenture**” and, together with the First Supplemental Indenture and the Base Indenture, the “**SAIIDAC Indenture**”).

The Notes constitute senior unsecured indebtedness of SAIIDAC and are fully and unconditionally guaranteed on a senior unsecured basis by Shire and on a direct, unsecured basis by Baxalta. The 2019 Notes bear interest at a rate of 1.900 per cent. per annum, accruing from September 23, 2016. The 2019 Notes will mature on September 23, 2019. The 2021 Notes bear interest at a rate of 2.400 per cent. per annum, accruing from September 23, 2016. The 2021 Notes will mature on September 23, 2021. The 2023 Notes bear interest at a rate of 2.875 per cent. per annum, accruing from September 23, 2016. The 2023 Notes will mature on September 23, 2023. The 2026 Notes bear interest at a rate of 3.200 per cent. per annum, accruing from September 23, 2016. The 2026 Notes will mature on September 23, 2026. Interest on the Notes is payable semi-annually in arrear on March 23 and September 23 of each year, beginning on March 23, 2017. The scheduled maturity of the Notes is subject to earlier repurchase or redemption in accordance with the terms of the SAIIDAC Indenture.

The Notes may be redeemed at SAIIDAC's option at the greater of: (i) 100 per cent. of the principal amount plus accrued and unpaid interest; and (ii) the sum of the

present values of the remaining scheduled payments of interest and principal discounted to the date of redemption on a semi-annual basis at the applicable treasury rate (as defined in the relevant Notes) plus an incremental margin, plus, in either case, accrued and unpaid interest.

If SAIIDAC experiences certain change of control events with respect to a series of Notes, it must offer to purchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that holder's Notes at a purchase price equal to 101 per cent. of the principal amount of Notes repurchased, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

The SAIIDAC Indenture contains covenants that, among other things, restrict Shire's ability and the ability of certain of its subsidiaries to create secured capital markets indebtedness and Shire's and SAIIDAC's ability to consolidate, merge or sell all or substantially all of its and its subsidiaries' assets, taken as a whole. The SAIIDAC Indenture also provides for customary events of default (subject in certain cases to customary grace and cure periods), which include payment defaults, breach of covenants or agreements, certain events of bankruptcy and insolvency and Shire's guarantee of the Notes being held in any judicial proceeding to be unenforceable or invalid or ceasing to be in full force and effect. These covenants and events of default are subject to a number of important qualifications, limitations and exceptions that are described in the Indenture. If an event of default with respect to the Notes of a series occurs under the SAIIDAC Indenture, the principal amount of all of the Notes of such series then outstanding, plus accrued and unpaid interest, if any, to the date of acceleration, may become immediately due and payable.

(ii) Underwriting Agreement

On September 19, 2016, Shire and SAIIDAC entered into an underwriting agreement (the "**Underwriting Agreement**") with Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC, as representatives of the several underwriters for the Underwriting Agreement (collectively, the "**Underwriters**"), in connection with the offering and sale of the Notes. The Underwriting Agreement includes the terms and conditions for the offering and sale of the Notes, indemnification and contribution obligations, and other terms and conditions customary in agreements of this type.

(f) *Baxalta Notes*

On June 3, 2016, Shire entered into a Second Supplemental Indenture (the "**Second Baxalta Indenture**") to the SAIIDAC Indenture, dated June 23, 2015, between Baxalta Incorporated and The Bank of New York Mellon Trust Company, N.A., as trustee (the "**Baxalta Indenture Trustee**") (as supplemented by the First Supplemental Indenture, dated June 23, 2015 (the "**Baxalta Indenture**")), relating to the guarantee by Shire of the outstanding notes issued by Baxalta under the Baxalta Indenture, consisting of: (i) \$375,000,000 aggregate principal amount of its floating rate senior notes due 2018; (ii) \$375,000,000 aggregate principal amount of its 2.000 per cent. senior notes due 2018; (iii) \$1,000,000,000 aggregate principal amount of its 2.875 per cent. senior notes due 2020; (iv) \$500,000,000 aggregate principal amount of its 3.600 per cent. senior notes due 2022; (v) \$1,750,000,000 aggregate principal amount of its 4.000 per cent. senior notes due 2025; and (vi) \$1,000,000,000 aggregate principal amount of its 5.250 per cent. senior notes due 2045 (each a "**series**" and together, the "**Baxalta Notes**"). Under the terms of the Second Baxalta Indenture, Shire fully and unconditionally guarantees to the holders of each series of the Baxalta Notes and to the Baxalta Indenture Trustee the full and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the principal of, premium (if any) on, and interest on, each series of Baxalta Notes and any

other amounts due and payable under the Baxalta Indenture, subject to any applicable grace period or notice requirement or both.

(g) *Tender offers*

On August 24, 2018, Shire, Baxalta and SAIIDAC announced that they had commenced cash tender offers (the “**Tender Offers**”) to purchase up to \$2,250,000,000 aggregate principal amount of Baxalta’s outstanding 2.875 per cent. senior notes due 2020, 3.600 per cent. senior notes due 2022, 4.000 per cent. senior notes due 2025 and 5.250 per cent. senior notes due 2045 and SAIIDAC’s outstanding 3.200 per cent. senior notes due 2026. Baxalta is the offeror for the notes issued by it, and SAIIDAC is the offeror for the notes issued by it (SAIIDAC and Baxalta being the “**Offerors**”). On September 10, 2018, Shire announced that the Offerors had increased the aggregate principal amount of notes that may be purchased from \$2,250,000,000 to \$2,325,254,000 (as amended, the “**Aggregate Maximum Purchase Amount**”). The terms and conditions of the Tender Offer are described in the offer to purchase dated August 24, 2018 (the “**Offer to Purchase**”) and related letter of transmittal, as amended by the announcement on September 10, 2018.

The total consideration for each series of notes was based on the applicable reference yield plus a fixed spread over the yield to maturity of the reference US Treasury security specified in the Offer to Purchase, payable to holders of the notes who validly tendered and did not validly withdraw their notes on or before 5.00 p.m. (New York time), on September 7, 2018 (the “**Early Tender Date**”) and whose notes were accepted for purchase by the Offerors. The total consideration for each series of notes included an early tender premium of \$30.00 per \$1,000 principal amount of notes validly tendered and not validly withdrawn by such holders and accepted for purchase by the Offerors. In addition, holders whose notes were accepted for purchase pursuant to the Tender Offers received accrued and unpaid interest from the last interest payment date for the applicable series of notes up to, but not including, the early settlement date, which occurred on September 11, 2018.

Pursuant to the terms of the Tender Offers, the amount of notes accepted for purchase was subject to the Aggregate Maximum Purchase Amount. The amounts of each series of notes accepted for purchase by the Offerors were determined in accordance with certain acceptance priority levels specified in the Offer to Purchase, with priority 1 notes having a higher acceptance priority level than the priority 2 notes, and the proration procedures described in the Offer to Purchase so as not to exceed the Aggregate Maximum Purchase Amount.

The Offerors’ obligation to accept for purchase, and pay for, any notes validly tendered and not validly withdrawn and accepted for purchase pursuant to the Tender Offers was conditioned on the satisfaction or waiver by the Offerors of the conditions described in the Offer to Purchase, including the closing of, and receipt by Shire of the cash proceeds from, the sale of Shire’s Oncology business. As described in paragraph 9.1(b) of this Part VIII, on August 31, 2018, Shire announced the completion of, and receipt by Shire of the cash proceeds from, the sale of its Oncology business to Servier S.A.S., satisfying the Oncology proceeds condition.

Following the early settlement on September 11, 2018, the Tender Offers expired at 11:59 p.m., New York City time, on September 21, 2018. However, because holders of the notes subject to the Tender Offers validly tendered and did not validly withdraw notes on or prior to the Early Tender Date for which the aggregate principal amount exceeded the Aggregate Maximum Purchase Amount, the Offerors did not accept for purchase any notes tendered after the Early Tender Date.

(h) *Appointment of Thomas Dittrich*

See paragraph 7.1 of this Part VIII for details of Thomas Dittrich's service contract.

9.2 **Takeda material contracts**

(a) *ARIAD*

In connection with Takeda's acquisition of ARIAD, on January 8, 2017, Takeda entered into an Agreement and Plan of Merger (the "**Agreement and Plan of Merger**") with ARIAD and Kiku Merger Co., Inc., a Delaware corporation and an indirect wholly owned subsidiary of Takeda ("**Merger Sub**"). Pursuant to the agreement, Takeda agreed to cause Merger Sub to commence a tender offer to purchase any and all of the shares of common stock, par value \$0.001 per share, of ARIAD issued and outstanding, at a price per share of \$24.00, to the seller in cash, net of applicable withholding taxes and without interest, on the terms and subject to the conditions in the Agreement and Plan of Merger. Following consummation of the tender offer, Merger Sub was merged with and into ARIAD, with ARIAD surviving as an indirect wholly owned subsidiary of Takeda. The tender offer for all of the outstanding shares of ARIAD common stock expired as scheduled on February 15, 2017 and Takeda completed its acquisition of ARIAD without a vote of ARIAD's shareholders pursuant to Section 251(h) of the Delaware General Corporation Law on February 16, 2017.

(b) *TiGenix NV*

In connection with Takeda's acquisition of TiGenix NV, on January 5, 2018, Takeda entered into an Offer and Support Agreement (the "**Offer and Support Agreement**") with TiGenix NV, whereby Takeda commenced an all cash voluntary and conditional public takeover bid for 100 per cent. of the securities with voting rights or giving access to voting rights of TiGenix NV that were not already owned by Takeda or its affiliates, at a price of €1.78 per share in cash and an equivalent price for the ADSs, warrants to acquire shares and 9 per cent. senior unsecured convertible bonds due March 6, 2018 of TiGenix NV. On July 31, 2018, Takeda acquired all outstanding ordinary shares as well as the ADSs and warrants of TiGenix NV following the expiration of the squeeze-out period and TiGenix NV became a wholly owned subsidiary of Takeda.

(c) *Co-operation Agreement*

See paragraph 11.4 of Part II (Explanatory Statement) of this document for details of the Co-operation Agreement between Shire and Takeda.

(d) *Bridge Credit Agreement*

In connection with the Acquisition, on May 8, 2018, Takeda entered into the Bridge Credit Agreement, with aggregate commitments of \$30.85 billion with, among others, JPMorgan Chase Bank N.A., Tokyo Branch, Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. The commitments under the Bridge Credit Agreement were reduced by the amount of commitments under the Term Loan Credit Agreement described below of \$7.5 billion and further reduced by the amount of commitments under the Senior Short-Term Loan Facility Agreement described below of \$4.5 billion. The commitments under the Bridge Credit Agreement will also be reduced by reference to the amount of the proceeds of the Bond Offering. Takeda expects to refinance the remaining commitments under the Bridge Credit Agreement through the pursuit of a range of financing options, including additional borrowings, the incurrence of hybrid indebtedness, the issue of additional bonds and/or available cash resources. The Bridge Credit Agreement includes mandatory prepayment and cancellation provisions, which would be triggered by such financing options, as well as by asset sales and equity issues (in each case subject to customary exceptions). The proceeds of the Bridge Credit Agreement, if drawn upon, will be used primarily to fund the cash portion of the Consideration payable to Shire Shareholders in connection with the

Acquisition, as well as to pay a portion of related expenses and to refinance a portion of the existing indebtedness of the Shire Group. The Bridge Credit Agreement is unsecured and is made available by a syndicate of lenders. Three of the four tranches under the Bridge Credit Agreement have a maturity of 364 calendar days from the date when all conditions precedent to drawing under the Bridge Credit Agreement are satisfied or waived in accordance with the terms of the Bridge Credit Agreement (the “**Bridge Closing Date**”). The fourth tranche (in an amount of \$3.5 billion) has a maturity of 90 calendar days following the Bridge Closing Date.

As long as any loans are drawn or commitments are outstanding under the Bridge Credit Agreement, Takeda will be subject to certain covenants, including customary covenants regarding compliance with laws, payment of taxes, bookkeeping and reporting, as well as covenants to complete the Acquisition in the manner planned. Takeda will also be subject to the following covenants:

- a “negative pledge”, under which Takeda and its consolidated subsidiaries (including, after the completion of the Acquisition, Shire) will not incur or suffer to be incurred liens over their properties to secure any indebtedness, subject to certain exceptions, where the total amount of indebtedness secured by such liens exceeds \$2.5 billion at the time of incurrence;
- a restriction on Takeda’s subsidiaries incurring indebtedness, subject to certain exceptions, including an aggregate general basket amount of \$2.5 billion; and
- as of March 31 and September 30 of each year (or June 30 and December 31 of each year, if Takeda changes its fiscal year end to December 31), beginning on September 30, 2019 at the earliest (or June 30, 2019 at the earliest, in the case of a December 31 fiscal year end), to not allow its ratio of Consolidated Net Debt (as defined in the Bridge Credit Agreement) to Consolidated EBITDA (as defined in the Bridge Credit Agreement) for the previous 12-month period to surpass the following levels:
 - September 30, 2019 (or June 30, 2019 and December 31, 2019, in the case of a December 31 fiscal year end): 5.95 to 1.00; and
 - March 31, 2020 (or June 30, 2020, in the case of a December 31 fiscal year end) and thereafter: 5.35 to 1.00.

Under the Bridge Credit Agreement, interest is payable at the end of each interest period (being a period of one, two, three or six months) or, where such period is longer than three months, every three months, and at a rate per annum equal to the sum of:

- the published London interbank offered rate for US Dollars for a period equal in length to such interest period (or, if such rate cannot be ascertained, certain customary fallback rates), plus
- a percentage per annum determined by reference to Takeda’s public debt rating as set out below:

<u>Public Debt Rating</u>	<u>Applicable Margin</u>
Level 1 (A+/A1 or above)	0.750%
Level 2 (less than Level 1 but at least A/A2)	0.875%
Level 3 (less than Level 2 but at least A-/A3)	1.00%
Level 4 (less than Level 3 but at least BBB+/Baa1)	1.125%
Level 5 (less than Level 4 but at least BBB/Baa2)	1.25%
Level 6 (less than level 5)	1.50%

provided that the applicable margin above shall increase by 0.25 per cent. per annum on the date that is three months after the Bridge Closing Date and by an additional 0.25 per cent. per annum at the end of each three-month period thereafter.

The Bridge Credit Agreement was amended on June 8, 2018 upon the signing of the Term Loan Credit Agreement described below (“**Amendment No. 1 to the Bridge Credit Agreement**”) and on October 26, 2018 upon the signing of the Senior Short-Term Loan Facility Agreement described below (“**Amendment No. 2 to the Bridge Credit Agreement**”) to make certain technical and confirming changes thereto.

(e) *Term Loan Credit Agreement*

On June 8, 2018, Takeda entered into the Term Loan Credit Agreement for an aggregate principal amount of \$7.5 billion with, among others, JPMorgan Chase Bank N.A., Tokyo Branch, Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. and Mizuho Bank, Ltd. The commitments under the Bridge Credit Agreement were reduced by the \$7.5 billion amount of commitments under the Term Loan Credit Agreement. The facility under the Term Loan Credit Agreement is made available by a syndicate of lenders. Although the Term Loan Credit Agreement is denominated in US Dollars, Takeda may draw advances under the Term Loan Credit Agreement in Euros up to an amount equal to the Euro equivalent of \$3.5 billion. The proceeds of the Term Loan Credit Agreement will be used to fund part of the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. The Term Loan Credit Agreement is unsecured and will have a maturity of five years from the date when all conditions precedent to drawing under the Term Loan Credit Agreement are satisfied or waived in accordance with its terms (the “**Term Closing Date**”). In addition, Takeda must repay advances under the Term Loan Credit Agreement in three-monthly instalments (starting on the date falling 15 months after the Term Closing Date) in an amount equal to: (i) for the first eight such instalments, 1.25 per cent. of the aggregate principal amount funded; and (ii) for each other instalment, 2.5 per cent. of the aggregate principal amount funded. Upon the signing of the Term Loan Credit Agreement, Takeda also entered into Amendment No. 1 to the Bridge Credit Agreement, described above, to make certain technical and conforming changes thereto.

As long as any loans are drawn or commitments are outstanding under the Term Loan Credit Agreement, Takeda will be subject to certain covenants, including customary covenants regarding compliance with laws, payment of taxes, bookkeeping and reporting, as well as covenants to complete the Acquisition in the manner planned. Takeda will also be subject to the following covenants:

- a “negative pledge”, substantially similar to that under the Bridge Credit Agreement;
- a restriction on Takeda’s subsidiaries incurring indebtedness, subject to certain exceptions, including an aggregate general basket amount equal to the greater of \$2.5 billion and 15 per cent. of Consolidated Tangible Assets (as defined in the Term Loan Credit Agreement); and
- as of March 31 and September 30 of each year (or June 30 and December 31 of each year, if Takeda changes its fiscal year end to December 31), beginning on September 30, 2019 at the earliest (or June 30, 2019 at the earliest, in the case of a December 31 fiscal year end), to not allow its ratio of Consolidated Net Debt (as defined in the Term Loan Credit Agreement) to Consolidated EBITDA (as defined in the Term Loan Credit Agreement) for the previous 12-month period to surpass the following levels:
 - September 30, 2019 (or June 30, 2019 and December 31, 2019, in the case of a December 31 fiscal year end): 5.95 to 1.00;

- March 31, 2020 and September 30, 2020 (or June 30, 2020 and December 31, 2020, in the case of a December 31 fiscal year end): 5.35 to 1.00;
- March 31, 2021 and September 30, 2021 (or June 30, 2021 and December 31, 2021, in the case of a December 31 fiscal year end): 4.30 to 1.00; and
- March 31, 2022 (or June 30, 2022 and thereafter, in the case of a December 31 fiscal year end) and thereafter: 4.00 to 1.00.

Under the Term Loan Credit Agreement, interest is payable at the end of each interest period (being a period of one, two, three or six months) or, where such period is longer than three months, every three months, and at a rate per annum equal to the sum of:

- the published London interbank offered rate for the applicable currency of the advance for a period equal in length to such interest period (or, if such rate cannot be ascertained, certain customary fallback rates); plus
- a percentage per annum determined by reference to Takeda's public debt rating as set out below:

<u>Public Debt Rating</u>	<u>Applicable Margin</u>
Level 1 (A+/A1 or above)	0.750%
Level 2 (less than Level 1 but at least A/A2)	0.875%
Level 3 (less than Level 2 but at least A-/A3)	1.00%
Level 4 (less than Level 3 but at least BBB+/Baa1)	1.125%
Level 5 (less than Level 4 but at least BBB/Baa2)	1.25%
Level 6 (less than level 5)	1.50%

(f) *Senior Short-Term Loan Facility Agreement*

On October 26, 2018, Takeda entered into the Senior Short-Term Loan Facility Agreement for an aggregate principal amount of ¥500 billion with, among others, Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Ltd. The commitments under the Bridge Credit Agreement were further reduced by \$4.5 billion of commitments under the Senior Short-Term Loan Facility Agreement. The facility under the Senior Short-Term Loan Facility Agreement is made available by a syndicate of lenders. The Senior Short-Term Loan Facility Agreement is denominated in Japanese Yen and will be advanced to Takeda via a single advance not to exceed an aggregate amount of ¥500 billion. The proceeds of the Senior Short-Term Loan Facility Agreement will be used to fund a portion of the cash consideration payable to Shire Shareholders in connection with the Acquisition. The Senior Short-Term Loan Facility Agreement is unsecured and will have a maturity of either one month, two months, three months or six months after the date of the advance, as determined by Takeda at the time of the advance. Takeda must repay on the maturity date an amount equal to: (i) the aggregate principal amount; and (ii) accrued and unpaid interest. The Senior Short-Term Loan Facility Agreement includes a mandatory prepayment and cancellation provision which is triggered by the incurrence of hybrid instruments (other than the Subordinated Loan). Upon the signing of the Senior Short-Term Loan Facility Agreement, Takeda also entered into Amendment No. 2 to the Bridge Credit Agreement, described above, to make certain technical and conforming changes thereto.

As long as any loans are drawn or commitments are outstanding under the Senior Short-Term Loan Facility Agreement, Takeda will be subject to certain covenants, including customary covenants regarding compliance with laws, payment of taxes, bookkeeping and reporting, as well as covenants to complete the Acquisition in the manner planned. Takeda will also be subject to the following covenants:

- a “negative pledge”, substantially similar to that under the Bridge Credit Agreement and Term Loan Credit Agreement;
- a restriction on Takeda’s subsidiaries incurring indebtedness, subject to certain exceptions, including an aggregate general basket amount equal to the greater of \$2.5 billion and 15 per cent. of Consolidated Tangible Assets (as defined in the Senior Short-Term Loan Facility Agreement); and
- as of March 31 and September 30 of each year (or June 30 and December 31 of each year, if Takeda changes its fiscal year end to December 31), beginning on September 30, 2019 at the earliest (or June 30, 2019 at the earliest, in the case of a December 31 fiscal year end), to not allow its ratio of Consolidated Net Debt (as defined in the Senior Short-Term Loan Facility Agreement) to Consolidated EBITDA (as defined in the Senior Short-Term Loan Facility Agreement) for the previous 12-month period to surpass the following levels:
 - September 30, 2019 (or June 30, 2019 and December 31, 2019, in the case of a December 31 fiscal year end): 5.95 to 1.00; and
 - March 31, 2020 and September 30, 2020 (or June 30, 2020, in the case of a December 31 fiscal year end): 5.35 to 1.00.

Under the Senior Short-Term Loan Facility Agreement, interest is payable at the end of each interest period of one month, at a rate per annum equal to the sum of:

- the published Japanese Yen TIBOR rate for a period equal in length to the interest period (or, if such rate cannot be ascertained, certain customary fallback rates); plus
- a margin of 0.10 per cent.

(g) *Subordinated Loan Agreement*

On October 26, 2018, Takeda entered into the Subordinated Loan Agreement, with aggregate commitments of ¥500 billion, with Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Limited. The proceeds of the Subordinated Loan, if drawn upon, will be used to refinance the debt borrowed pursuant to the Senior Short-Term Loan Facility Agreement. The drawdown of all or a part of the Subordinated Loan may not be implemented if Takeda obtains alternative financing.

The Subordinated Loan will have a maturity of 60 years from the drawdown date of the Subordinated Loan (the “**Subordinated Closing Date**”). Under the Subordinated Loan Agreement, Takeda may make an early repayment of all or part of the principal of the Subordinated Loan on any interest payment date on or after the sixth anniversary of the Subordinated Closing Date.

Under the Subordinated Loan Agreement, interest is payable at the end of each six-month interest period at a rate per annum equal to the sum of:

- the published Japanese Yen TIBOR rate for a period equal in length to such interest period (or, if such rate cannot be ascertained, certain customary fallback rates); plus
- a percentage per annum determined by reference to periods from the Subordinated Closing Date as set out below:

<u>Periods</u>	<u>Applicable Margin</u>
From the Subordinated Closing Date to the 10th anniversary of the Subordinated Closing Date	2.00%
From the 10th anniversary of the Subordinated Closing Date to the 26th anniversary of the Subordinated Closing Date	2.25%
After the 26th anniversary of the Subordinated Closing Date	3.00%

Under the Subordinated Loan Agreement, Takeda may, at its discretion, defer all or a part of the payment of interest on the Subordinated Loan, subject to certain mandatory payment clauses.

As long as the Subordinated Loan or commitments under the Subordinated Loan Agreement are outstanding, Takeda will be subject to certain covenants, including customary covenants regarding compliance with laws, procurement of necessary licenses, bookkeeping and reporting.

The Subordinated Loan is unsecured and Takeda must not provide any liens over its properties (including providing options to set any liens over its properties) to secure any indebtedness under the Subordinated Loan Agreement.

Claims under the Subordinated Loan are subordinated to any claims against Takeda, other than claims which are subject to subordination clauses equivalent to those under the Subordinated Loan Agreement, or in liquidation proceedings, bankruptcy proceedings, reorganisation proceedings, rehabilitation proceedings and similar proceedings in accordance with laws other than the laws of Japan. Any amendment to any of the provisions of the Subordinated Loan Agreement to the disadvantage of the creditors of Takeda other than the creditors of the subordinated claims is prohibited by any means, and any agreement on such amendment takes no effect by any means and with respect to any person.

(h) *Bond Offering*

On November 8, 2018 Takeda launched the Bond Offering. Takeda is offering fixed and floating rate EUR-denominated senior notes due 2020, 2022, 2026 and 2030 (the “**EUR Senior Notes**”). The final tenors of and interest rates and interest payment dates applicable to each series of the EUR Senior Notes will be decided upon the pricing of the Bond Offering. Depending on market conditions, Takeda may offer additional US Dollar-denominated senior notes (the “**Potential Future USD Notes**”) in a potential future offering. Takeda expects that the aggregate total amount of the EUR Senior Notes and the Potential Future USD Notes will be approximately \$14.05 billion.

The EUR Senior Notes are expected to price on November 15, 2018. Closing of the Bond Offering is expected to occur on November 22, 2018.

The proceeds of the Bond Offering will be used to fund part of the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. The commitments under the Bridge Credit Agreement will be reduced by reference to the amount of the proceeds of the Bond Offering.

The EUR Senior Notes, if and when issued, will be subject to special mandatory redemption at a redemption price equal to 101 per cent. of the aggregate principal amount of the notes plus accrued and unpaid interest, if any, to, but excluding, the special mandatory redemption date if: (i) the Acquisition has not been consummated on or prior to the Long Stop Date; or (ii) if Takeda otherwise publicly announces that the Acquisition will not be consummated.

Certain series of the EUR Senior Notes may include the option of Takeda to redeem them, in whole or in part, by a make-whole call at the treasury rate plus a spread, up to a specified par call date, after which such EUR Senior Notes may be called at par. EUR Senior Notes which do not include such optional redemption feature will not be callable prior to the specified par call date.

No security is being offered in favour of the EUR Senior Notes. The EUR Senior Notes are being offered subject to a “negative pledge” under which Takeda may not offer security over certain capital markets indebtedness of it or its principal subsidiaries, as defined in the terms of the EUR Senior Notes.

10. Material litigation of the Takeda Group

Takeda is involved in various legal and administrative proceedings. The most significant matters are described below.

Takeda may become involved in significant legal proceedings for which it is not possible to make a reliable estimate of the expected financial effect, if any, which may result from ultimate resolution of the proceedings. In these cases, appropriate disclosures about such cases would be included in this paragraph 10 of this Part VIII, but no provision would be made for the cases.

With respect to each of the legal proceedings described below, other than those for which a provision has been made, Takeda is unable to make a reliable estimate of the expected financial effect at this stage. Takeda does not believe that information about the amount sought by the plaintiffs, if that is known, would be meaningful with respect to those legal proceedings. This is due to a number of factors, including, but not limited to, the stage of proceedings, the entitlement of parties to appeal a decision and clarity as to theories of liability, damages and governing law.

Legal expenses incurred and charges related to legal claims are recorded in selling, general and administrative expenses line of Takeda's annual audited accounts. Provisions are recorded, after taking appropriate legal and other specialist advice, where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome of the dispute. For certain product liability claims, Takeda will record a provision where there is sufficient history of claims made and settlements to enable management to make a reliable estimate of the provision required to cover unasserted claims. As of March 31, 2018, Takeda's aggregate provision for legal and other disputes was ¥23.2 billion (approximately \$0.205 billion). The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations and possible settlement negotiations.

Takeda's position could change over time, and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported by a material amount.

10.1 *Product liability and related claims*

Pre-clinical and clinical trials are conducted during the development of potential products to determine the safety and efficacy of products for use by humans following approval by regulatory bodies. Notwithstanding these efforts, when drugs and vaccines are introduced into the marketplace, unanticipated safety issues may become, or be claimed by some to be, evident. Takeda is currently a defendant in a number of product liability lawsuits related to its products. For the product liability lawsuits and related claims, other than those for which provision has been made, Takeda is unable to make a reliable estimate of the expected financial effect at this stage. The most significant product liability and related claims are described below.

(a) *Actos*

Takeda has been named as a defendant in lawsuits in US federal and state courts in which plaintiffs allege to have developed bladder cancer or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone (US brand name: Actos). Eli Lilly and Company ("**Lilly**"), which co-promoted Actos in the United States for a period of time, also has been named as a defendant in many of these lawsuits. Under the parties' co-promotion agreement, Takeda has agreed to defend and indemnify Lilly in the US matters. Outside the US, lawsuits and claims have also been brought by persons claiming similar injuries.

In April 2015, Takeda reached an agreement with the lead plaintiffs' lawyers that resolved the vast majority of Actos product liability lawsuits pending against Takeda and Lilly in the US. The settlement covered all bladder cancer claims pending in any US court as of the date of settlement. Also claimants with unfiled claims in the US represented by counsel as of the date of settlement and within three calendar days thereafter were eligible to participate. The settlement became effective when 95 per cent. of litigants and claimants opted-in. In connection with this

broad settlement, Takeda has paid \$2.4 billion (¥272 billion) into a qualified settlement fund. Takeda received insurance proceeds totalling ¥58 billion (\$0.51 billion) under various policies covering product liability claims against Takeda. Takeda also established reserves for remaining Actos claims and lawsuits.

In addition to remaining product liability claims, the following lawsuits have been filed against Takeda by public and private third-party payors, as well as consumers, seeking damages for alleged economic losses:

- A purported nation-wide class action lawsuit has been filed in federal court in California – the *Painters' Fund* case – on behalf of third-party payors and consumers seeking, among other things, reimbursement of monies spent on Actos. In April 2018, the court dismissed the *Painters' Fund* case. The plaintiffs have appealed.
- The States of Mississippi and Louisiana have filed lawsuits against Takeda and Lilly alleging that defendants did not warn about bladder cancer and other risks of Actos. The lawsuits seek reimbursement of the cost of Actos, paid by the states on behalf of patients through programmes such as Medicaid, and for medical treatment of patients allegedly injured by Actos, attorneys' fees and expenses, punitive damages and/or penalties. The court granted Takeda's motion to dismiss the Louisiana case. The decision has been appealed.

(b) *Prevacid and Dexilant*

As of March 31, 2018, more than 1,100 product liability lawsuits involving Prevacid and/or Dexilant have been filed against Takeda in US federal and state courts. The federal lawsuits are consolidated for pre-trial proceedings in a Multi-District Litigation in the federal court in New Jersey. The plaintiffs allege they developed kidney injuries as a result of taking Prevacid or Dexilant, and that Takeda failed to adequately warn them of this potential danger. However, it remains unclear how many of these claimants took Takeda proton pump inhibitors (including Prevacid and Dexilant). Similar claims are pending against other manufacturers of drugs in the same proton pump inhibitor class as Prevacid and Dexilant, including AstraZeneca, Proctor & Gamble and Pfizer.

In Canada, three proposed class actions have been filed in three provinces (Quebec, Ontario and Saskatchewan) in respect of Prevacid and/or Dexilant. The defendants include Takeda, AstraZeneca and several generic manufacturers. It is unclear how many new lawsuits will be filed against Takeda. At this time, a reserve is not probable or estimable.

10.2 **Intellectual property claims**

Intellectual property claims include challenges to the validity and enforceability of Takeda's patents on various products or processes as well as assertions of non-infringement of those patents. A loss in any of these cases could result in loss of patent protection for the product at issue. The consequences of any such loss could be a significant decrease in sales of that product and could materially affect future results of operations for Takeda.

(a) *Prevacid*

In January 2018, Takeda received notice from Zydus that it has amended its application for a generic version of SoluTab. In response, Takeda filed a patent infringement lawsuit against Zydus, and in response, Zydus filed a counterclaim asserting that Takeda's challenge of Zydus' abbreviated new drug application product violates antitrust laws. Takeda believes the counterclaim is without merit.

Other generic companies have filed abbreviated new drug applications for generic versions of SoluTab and may launch their products upon approval by the US Food and Drug Administration. In June 2009, Apotex filed a lawsuit in Toronto, Canada, against Takeda and Abbott Laboratories seeking alleged damages for delayed market entry of its generic lansoprazole capsules due to a prior patent infringement lawsuit against Apotex. Previously, Abbott and Takeda filed a patent

infringement lawsuit against Apotex in response to Apotex's regulatory submission to the Canadian Minister of Health seeking permission to market generic lansoprazole capsules before the expiration of various Canadian patents relating to this drug. In September 2008, Abbott and Takeda settled that patent infringement lawsuit against Apotex and Apotex was allowed to begin selling generic lansoprazole capsules in Canada on May 1, 2009. Under the terms of the settlement, Apotex retained its right to seek damages for delayed market entry caused by the lawsuit.

(b) *Pantoprazole*

On January 15, 2016, Mylan filed a suit in the federal court against Takeda claiming damages as a result of the dismissal of Takeda's previous Patented Medicines (Notice of Compliance) proceeding against Mylan. Mylan claimed damages due to being held-off the market with its generic pantoprazole magnesium product during the time period of June 27, 2013 until June 15, 2015. The parties settled the lawsuit in May 2018.

(c) *Amitiza*

In March 2017, Sucampo (Takeda's licensor, which became a wholly-owned subsidiary of Mallinckrodt plc in February 2018) received a paragraph IV certification directed to Amitiza from Amneal Pharmaceuticals, and in August 2017 received a paragraph IV certification directed to Amitiza from Teva. These parties contend that the patents listed in the US Food and Drug Administration's Orange Book for Amitiza are invalid and/or not infringed by their abbreviated new drug product. In response, Sucampo and Takeda filed patent infringement lawsuits against the parties. In June 2018, the parties settled the lawsuits. Patent litigation against other abbreviated new drug filers for Amitiza was previously settled.

(d) *Trintellix*

Takeda has received notices from 16 generic pharmaceutical companies that they have submitted ANDAs with paragraph IV certifications seeking to sell generic versions of Trintellix. To date, at least five generic companies are challenging the patents covering the compound, vortioxetine, which expire in 2026. Takeda filed patent infringement lawsuits against the abbreviated new drug filers in federal court in Delaware.

(e) *Entyvio*

Roche has filed patent infringement lawsuits against Takeda in Germany, Italy and the UK alleging that Entyvio infringes Roche's patent. Takeda is vigorously defending the lawsuits. Additionally, Takeda has filed lawsuits seeking nullification of Roche's patent in the UK and Germany. Takeda also filed a lawsuit against Genentech in the state court in Delaware seeking a declaration that Takeda has a licence to the Roche patent under the terms of a prior agreement between Takeda and Genentech.

(f) *Other*

In addition to the individual patent litigation cases described above, Takeda is party to a number of cases where Takeda has received notices that companies have submitted abbreviated new drug applications with paragraph IV certifications to sell generic versions of other Takeda products. These include Uloric and Alogliptin products. Takeda has filed patent infringement lawsuits against parties involved in these situations.

10.3 **Sales, marketing, and regulation**

Takeda is party to other litigation related to its products and its activities, the most significant of which are described below.

(a) *Antitrust*

There have been purported class action lawsuits filed in the federal court in New York by several end payors and wholesalers against Takeda alleging anticompetitive conduct to delay generic competition for Actos. In September 2015, the court granted the defendants' motions to dismiss the antitrust claims asserted by the end payors. The end payors appealed this decision to the US Federal 2nd Circuit Court of Appeals. The wholesalers' lawsuit had been stayed pending the appellate court's decision in the end payors' lawsuit. In February 2017, the appellate court reversed in part the dismissal of the end payors' case and allowed one of the plaintiffs' antitrust theories to proceed in the trial court. Specifically, the court ruled that the plaintiffs sufficiently alleged that Takeda's characterisations of two patents in the US Food and Drug Administration Orange Book were false, and that this resulted in delaying Teva's launch of a generic version of Actos. Takeda disagrees with these allegations and believes the US Food and Drug Administration Orange Book listings were correct. The court, however, affirmed the trial court's dismissal of other antitrust theories. The end payors' case, along with the wholesalers' case, is proceeding in the trial court, where Takeda has filed a motion to dismiss the remaining legal theory.

(b) *Investigation of Patient Assistance Programs*

In November 2016, the US Department of Justice (through the US Attorneys' Office in Boston) issued a subpoena to ARIAD Pharmaceuticals, which was acquired by Takeda during the year ended March 31, 2017, seeking information from January 2010 to the present relating to ARIAD Pharmaceuticals' donations to 501(c) (3) co-payment foundations, financial assistance programmes, and free drug programmes available to Medicare beneficiaries and the relationship between these co-payment foundations and specialty pharmacies, hubs or case management programmes. ARIAD Pharmaceuticals is co-operating in the investigation.

11. Cash confirmation

The cash consideration payable pursuant to the Acquisition is being financed as set out in paragraph 7 of Part II (Explanatory Statement) of this document. Each of Evercore, J.P. Morgan Cazenove and Nomura, as financial advisers to Takeda, is satisfied that sufficient cash resources are available to Takeda to enable it to satisfy in full the cash consideration payable pursuant to the Scheme.

12. Significant change

12.1 There has been no significant change in the financial or trading position of the Shire Group since September 30, 2018, being the date to which Shire's last published unaudited financial statements were prepared.

12.2 There has been no significant change in the financial or trading position of the Takeda Group since September 30, 2018, being the date to which Takeda's last published interim accounts were prepared.

13. Sources and bases of selected financial information

13.1 Historical Shire and Takeda share prices are derived from Bloomberg on the relevant date(s).

13.2 As at the Latest Practicable Date, there were 915,589,336 Shire Shares (excluding 7,357,283 ordinary shares held in treasury) and the Subscriber Ordinary Shares in issue. In addition, as at the Latest Practicable Date, there were up to 14,927,934 Shire Shares (including Shire Shares underlying Shire ADSs) which could be issued pursuant to the exercise/vesting of outstanding options/awards prior to the Long Stop Date.²³ The International Securities Identification Number for the Shire Shares is JE00B2QKY057.

²³ Includes Shire Shares (including Shire Shares underlying Shire ADSs) that could be issued upon the exercise of outstanding stock appreciation rights, assuming illustrative Shire ADS and Shire Share prices of \$200.00 and £50.00 respectively.

- 13.3 As at the Latest Practicable Date, there were 794,538,998 Takeda Shares in issue (excluding 162,897 ordinary shares held in treasury), consisting of 784,275,098 shares of common stock with no par value in the capital of Takeda with voting rights attached.
- 13.4 The number of New Takeda Shares to be issued pursuant to the terms of the Acquisition will be 0.839 New Takeda Shares to be issued per Scheme Share multiplied by the sum of issued and to be issued ordinary share capital of Shire as set out in paragraph 13.2 above.
- 13.5 The value placed by the Acquisition on the entire issued and to be issued ordinary share capital of Shire is calculated by reference to an equivalent value of £49.01 per Shire Share (based on the closing price of ¥4,923 per Takeda Share and the exchange rates of £:¥ of 1:151.51 and £:\$ of 1:1.3945 on April 23, 2018 (being the day before the announcement that the Shire Board would, in principle, be willing to recommend the Consideration)) multiplied by the sum of the issued and to be issued ordinary share capital of Shire (as set out in paragraph 13.2 above).
- 13.6 The value placed by the Acquisition on the entire issued and to be issued ordinary share capital of Shire is calculated by reference to an equivalent value of £49.22 per Shire Share (based on the closing price of ¥4,647 per Takeda Share and the exchange rates of £:¥ of 1:149.05 and £:\$ of 1:1.3152 on the Latest Practicable Date) multiplied by the sum of the issued and to be issued ordinary share capital of Shire (as set out in paragraph 13.2 above).
- 13.7 The share capital of the Combined Group has been calculated as the sum of the number of Takeda Shares in issue as at the Latest Practicable Date as set out in paragraph 13.3 above and the New Takeda Shares to be issued pursuant to the terms of the Acquisition (as set out in paragraph 13.4 above).
- 13.8 The percentage of the share capital of the Combined Group that will be owned by Shire Shareholders is calculated by dividing the number of New Takeda Shares to be issued pursuant to the terms of the Acquisition referred to in paragraph 13.4 above by the issued share capital of the Combined Group (as set out in paragraph 13.7 above) and multiplying the resulting sum by 100 to produce a percentage.
- 13.9 The market capitalisation of Takeda has been calculated by reference to the closing price per Takeda Share as at the Latest Practicable Date and the total issued share capital of Takeda (as set out in paragraph 13.3 above).
- 13.10 The pro forma market capitalisation of the Combined Group has been calculated by reference to the closing price per Takeda Share as at the Latest Practicable Date and the issued share capital of the Combined Group (as set out in paragraph 13.7 above).
- 13.11 All pro forma financial information relating to the Combined Group has been calculated on the basis set out in Appendix IV (Notes to the unaudited pro forma condensed combined financial data).
- 13.12 The volume weighted average prices for Shire Shares is derived from Bloomberg by reference to the volume weighted average price over either (a) the 30 Shire trading days up to March 23, 2018 (being the last Business Day before rumours of Takeda's possible interest in an offer for Shire); (b) the 30 Shire trading days up to March 27, 2018 (being the last Business Day before the commencement of the Offer Period); or (c) the 30 Shire trading days up to the Latest Practicable Date, as applicable.
- 13.13 Unless otherwise stated, the financial information relating to Shire is extracted from the audited consolidated financial statements of Shire for the financial year to December 31, 2017 and from the unaudited consolidated financial statements of Shire for the nine months ended September 30, 2018, prepared in accordance with US GAAP.
- 13.14 Unless stated otherwise, the financial information relating to Takeda is extracted from the audited consolidated financial statements of Takeda for the financial year ended March 31, 2018 and

from the unaudited consolidated financial statements of Takeda for the six months ended September 30, 2018, prepared in accordance with IFRS.

- 13.15 Unless otherwise stated, where amounts are shown in both Japanese Yen and US Dollars, or converted between the aforementioned currencies, in this document, an exchange rate of \$1.00:¥ 113.33 as at the Latest Practicable Date has been used, which has been derived from data provided by Bloomberg.
- 13.16 Unless otherwise stated, where amounts are shown in both Japanese Yen and pounds Sterling, or converted between the aforementioned currencies, in this document, an exchange rate of £1.00:¥ 149.05 as at the Latest Practicable Date has been used, which has been derived from data provided by Bloomberg.
- 13.17 Unless otherwise stated, where amounts are shown in both US Dollars and pounds Sterling, or converted between the aforementioned currencies, in this document, an exchange rate of £1.00:\$ 1.3152 as at the Latest Practicable Date has been used, which has been derived from data provided by Bloomberg.
- 13.18 The synergy numbers are unaudited and are based on analysis by Takeda's management and on Takeda's internal records. Further information underlying the quantified financial benefits statements contained in this document is provided in Appendix III (Statement on quantified financial benefits) of this document.
- 13.19 The statement that the Combined Group would have been within the top ten pharmaceutical companies by prescription drug revenue worldwide in 2017 is based on a report produced by EvaluatePharma®, Evaluate Ltd., www.evaluate.com dated November 1, 2018 and calculated by combining Takeda's total prescription drug sales in the fiscal year ended March 31, 2018 and Shire's total prescription drug sales in the fiscal year ended December 31, 2017 and using an exchange rate of \$1.00 to ¥112.359.

14. Incorporation by reference

- 14.1 This document includes each and all of its appendices.
- 14.2 Parts of other documents are incorporated by reference in, and form part of, this document.
- 14.3 Part VI (Financial and ratings information) of this document sets out which sections of such documents are incorporated into this document.
- 14.4 A person who has received this document may request a hard copy of such documents incorporated by reference. A hard copy of any such documents or information incorporated by reference will not be sent to such persons unless requested by writing to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom or by calling them on 0330 123 5506 (if calling from within the UK) or +44 (0)121 415 0856 (if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

15. Other information

- 15.1 Each of Citi, Goldman Sachs, Morgan Stanley, Evercore, J.P. Morgan and Nomura has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- 15.2 Except as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) between Takeda or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Shire, or any

person interested or recently interested in Shire Shares, having any connection with or dependence on or which is conditional upon the outcome of the Offer.

- 15.3 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Shire Shares to be acquired by Takeda will be transferred to any other person, save that Takeda reserves the right to transfer any such shares to any other member of the Takeda Group.
- 15.4 The aggregate fees and expenses which are expected to be incurred by Takeda in connection with the Acquisition are estimated to amount to approximately \$733.4 million (exclusive of any applicable VAT and other taxes)⁽¹⁾. This aggregate number consists of the following categories:

Category	Amount – \$m
Financing arrangements ⁽²⁾	386.6
Financial and corporate broking advice	111.7
Legal advice ⁽³⁾	44.2
Accounting advice ⁽³⁾	24.3
Public relations advice ⁽³⁾	6.3
Other professional services ⁽³⁾⁽⁴⁾	3.6
Other costs and expenses	156.7
Total	733.4

(1) Note that not all of these fees and expenses are expected to be incurred in Takeda's financial year ending March 31, 2019.

(2) Refer to paragraph 7 of Part II (Explanatory Statement) of this document for details of the Bridge Credit Agreement, the Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement, the Subordinated Loan Agreement and the Bond Offering.

(3) These services are charged by reference to hourly or daily rates. Amounts included here reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

(4) These services may vary based on the service volumes and types of services provided. Amounts included here reflect an estimate of the expected services required.

- 15.5 The aggregate fees and expenses which are expected to be incurred by Shire in connection with the Acquisition are estimated to amount to between approximately \$216.5 million and \$229.5 million (exclusive of any applicable VAT and other taxes). This aggregate number consists of the following categories:

Category	Amount – \$m
Financial and corporate broking advice	145 – 150
Legal advice	65 – 70
Accounting advice	2 – 3
Public relations advice	2 – 3
Other professional services ⁽¹⁾⁽²⁾⁽³⁾	2.1 – 3.1
Other costs and expenses	0.4
Total	216.5 – 229.5

(1) An element of these costs is uncapped and relates to the reasonable expenses of Citi and its legal advisors. The figures included reflect an estimate of the expected service.

(2) These services are charged based on the service volumes provided. The figures included reflect an estimate of the expected service volumes required.

(3) The amount of aggregate fees and expenses for these services depends on whether a success fee is paid.

- 15.6 Except as disclosed in this document, the emoluments of the Shire Directors and the Takeda Directors will not be affected by the Acquisition or any other associated transaction.

- 15.7 Except as disclosed in this document, there is no agreement or arrangement to which Takeda is a party which relates to the circumstances in which it may or may not invoke a condition to the Scheme.

15.8 As at the Latest Practicable Date, according to information disclosed under Rule 8 of the Takeover Code, BlackRock, Inc. held an interest of 7.09 per cent. in the issued share capital of Takeda and an interest of 7.31 per cent. in the issued share capital of Shire. By virtue of these holdings, BlackRock, Inc. has a potential direct or indirect interest of greater than 5 per cent. in each of Takeda and Shire and would be expected to hold a direct or indirect interest of greater than 5 per cent. in the Combined Group following completion of the Acquisition.

16. Profit forecasts

16.1 Shire Profit Forecasts

Each of the following statements, as contained in paragraph 5.1 of Part I (Letter from the Chairman of Shire PLC) (together, the “**Shire Profit Forecasts**”), constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code:

“Our projected 2020 revenue target has been updated to \$16.5 – \$17.5 billion.”

“We continue to expect to achieve mid-forties Non GAAP EBITDA margin by 2020.”

“Full year 2018 U.S. GAAP outlook for total revenue is expected to be \$15.3 – \$15.8 billion and diluted earnings per ADS is expected to be \$7.17 – \$7.77.”

“Full year 2018 Non GAAP outlook for total revenue is expected to be \$15.3 – \$15.8 billion and diluted earnings per ADS is expected to be \$14.77 – \$15.37.”

In accordance with Rule 28.1(c) of the Code, the directors of Shire confirm that: (i) the basis of accounting used to prepare the Shire Profit Forecasts is consistent with the accounting policies of Shire (or in the case of the Non GAAP Shire Profit Forecasts, or in the case of the Non GAAP guidance, as adjusted in accordance with Shire’s established Non GAAP policy, which excludes the items set out on pages 27–28 of the Shire Q3 Trading Update), including their tax effect); and (ii) each of the Shire Profit Forecasts has been properly compiled on the basis of assumptions set out on page 26 of the Shire Q3 Trading Update.

16.2 Takeda Profit Forecasts

The Takeda Profit Forecast (as contained in paragraph 5.2(a) to paragraph 5.2(c) of Part I (Letter from the Chairman of Shire PLC) constitutes a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code.

In accordance with Rule 28.1(c) of the Code, Takeda Directors confirm that: (i) the basis of accounting used to prepare the Takeda Profit Forecast is consistent with the accounting policies of Takeda; and (ii) each of the Takeda Profit Forecast has been properly compiled on the basis of assumptions set out on pages 9 and 10 of Takeda’s Summary of Financial Statements for the Six Months Period Ended September 30, 2018.

17. Documents available for inspection

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier), copies of the following documents will be available via the link on Shire’s website at www.shire.com and at Takeda’s website at www.takeda.com:

- (a) the Shire Articles;
- (b) the Takeda Articles and a reference translation of the same into English;
- (c) a draft copy of the Shire Articles as proposed to be amended by the Special Resolution at the Shire General Meeting;
- (d) the audited consolidated financial statements of the Shire Group for the two years ended December 31, 2016 and December 31, 2017;

- (e) the audited consolidated financial statements of the Takeda Group for the two years ended March 31, 2017 and March 31, 2018;
- (f) the unaudited consolidated financial statements of the Takeda Group for the three-month periods ended June 30, 2018 and September 30, 2018;
- (g) the unaudited consolidated financial statements of the Shire Group for the three-month periods ended March 31, 2018, June 30, 2018 and September 30, 2018;
- (h) a copy of the written consent from each of Citi, Goldman Sachs, Morgan Stanley, Evercore, J.P. Morgan and Nomura, referred to in paragraph 15.1 of this Part VIII;
- (i) a copy of the report of Deloitte LLP and the report of Evercore, J.P. Morgan Cazenove and Nomura, in each case on the Quantified Financial Benefits Statement (included in Parts B and C of Appendix IV to the Rule 2.7 Announcement);
- (j) a copy of the written confirmation letters from each of Deloitte LLP, Evercore, J.P. Morgan Cazenove and Nomura referred to in Appendix III to this document;
- (k) a copy of the letters of irrevocable undertaking referred to in paragraph 6 of this Part VIII;
- (l) a copy of the Co-operation Agreement referred to in paragraph 9.1 of this Part VIII;
- (m) a copy of the Bridge Credit Agreement referred to in paragraph 9.2 of this Part VIII;
- (n) a copy of the Term Loan Credit Agreement referred to in paragraph 9.2 of this Part VIII;
- (o) a copy of the Senior Short-Term Loan Facility Agreement referred to in paragraph 9.2 of this Part VIII;
- (p) a copy of the Subordinated Loan Agreement referred to in paragraph 9.2 of this Part VIII;
- (q) a copy of the preliminary and (if and when the Bond Offering is priced) final offering circular in respect of the Bond Offering referred to in paragraph 9.2 of this Part VIII;
- (r) a copy of the Confidentiality Agreement, the Confidentiality and Joint Defense Agreement and the Clean Team Confidentiality Agreement referred to in paragraph 11 of Part II (Explanatory Statement) of this document;
- (s) a copy of the Master Framework and Custody Agreement referred to in paragraph 11 of Part II (Explanatory Statement) of this document;
- (t) a copy of the Shire Depository Instruction Letter referred to in paragraph 11 of Part II (Explanatory Statement) of this document;
- (u) a copy of the Dealing Facility Terms and Conditions referred to in paragraph 19.3(d) of Part II (Explanatory Statement) of this document;
- (v) a copy of the Corporate Nominee Facility Terms and Conditions contained at Appendix II (Corporate Nominee Facility Terms and Conditions) of this document;
- (w) a copy of the Shire Deposit Agreement; and
- (x) this document (including any documents incorporated by reference herein), the Forms of Proxy, the ADS Voting Cards and the Forms of Election.

PART IX

NOTES FOR MAKING ELECTIONS

This section should be read in conjunction with the rest of this document, the accompanying Forms of Proxy and Form of Election (including the accompanying notes on how to complete the relevant Form of Election) and any document incorporated by reference.

In particular, details of the Currency Conversion Facility, the Corporate Nominee Facility, the ADS Election Facility and the Dealing Facility (including the terms and conditions governing each such facility) are set out in paragraphs 19.3, 20.3 and 21 of Part II (Explanatory Statement) of this document.

FLOWCHARTS HAVE BEEN INCLUDED ON PAGES 16 TO 18 IN ORDER TO ASSIST YOU IN MAKING AN ELECTION IN RESPECT OF THE CONSIDERATION.

1. Elections by Shire Shareholders holding Shire Shares in certificated form

1.1 *Currency Election*

Shire Shareholders who hold Shire Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time will be deemed to have elected for the Currency Conversion Facility and will receive the entire cash portion of the Consideration payable to them under the Scheme in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility. Such Shire Shareholders may opt out of the Currency Conversion Facility, which would result in such Shire Shareholders receiving the cash portion of the Consideration in US Dollars, by completing and returning an Opt-out Form (a copy of which may be obtained by contacting the Shareholder Helpline).

Unless they elect otherwise, each Shire Shareholder who holds Shire Shares in certificated form and does not have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time will receive the cash portion of the Consideration which is payable to them under the Scheme in US Dollars. Such Shire Shareholders may elect to have the US Dollar cash portion of the Consideration which is payable to them under the Scheme instead paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility.

If you hold Shire Shares in certificated form and wish to make a Currency Election, you must complete Part 3 of, and sign, the WHITE Certificated Form of Election in accordance with the instructions printed thereon and return it to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.

If you hold Shire Shares in both certificated and uncertificated form and you wish to make a Currency Election in respect of both such holdings, you must make a separate election in respect of each holding.

The WHITE Certificated Form of Election assumes that a Shire Shareholder who holds Shire Shares in certificated form will make a Currency Election in respect of their entire holding of Shire Shares at the Scheme Record Time. If you hold Shire Shares in certificated form and wish to make a Currency Election in respect of some (but not all) of your Shire Shares, please contact the Shareholder Helpline.

Each Shire Shareholder who has set up a standing electronic payment mandate with the Shire Registrar for the purpose of receiving dividend payments from Shire in pounds Sterling will, subject to such Shire Shareholder having made (or being deemed to have made) a valid Currency Election to receive the cash portion of their Consideration in pounds Sterling, receive the cash portion of the Consideration payable to them pursuant to the Scheme by way of an electronic BACs transfer to the account indicated in such mandate. In the absence of a standing electronic payment mandate held by the Shire Registrar for receiving dividend payments from Shire in pounds Sterling, a cheque will be issued and despatched to each relevant Shire Shareholder at their registered address.

1.2 **Securities Election**

Subject to the terms and conditions set out in this document, each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in certificated form at the Scheme Record Time may, in relation to their Shire Shares, make at least one of the following Elections (each a “**Securities Election**”):

- (a) elect to hold the New Takeda Shares which they are entitled to receive pursuant to the Scheme in their own JASDEC Account (by completing Part 4A on the WHITE Certificated Form of Election) (a “**JASDEC Election**”). Please refer to paragraphs 19.1 and 19.3(a) of Part II (Explanatory Statement) of this document for a summary of the background to holding New Takeda Shares through a JASDEC Account and for further information concerning the making of a JASDEC Election;
- (b) in the case of a Shire Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have the New Takeda Shares which they are entitled to receive pursuant to the Scheme held on their behalf through the Corporate Nominee Facility, subject to the Corporate Nominee Facility Terms and Conditions (by completing Part 4B on the WHITE Certificated Form of Election) (a “**Corporate Nominee Election**”). Please refer to paragraph 19.3(b) of Part II (Explanatory Statement) of this document for further information concerning the making of a Corporate Nominee Election and to paragraph 21 Part II (Explanatory Statement) of this document for summary details of the Corporate Nominee Facility;
- (c) elect to receive 1.678 New Takeda ADSs (each New Takeda ADS representing 0.5 New Takeda Shares) for each Shire Share they hold instead of the 0.839 New Takeda Shares per Shire Share they would otherwise have been entitled to receive pursuant to the Scheme, subject to the terms and conditions applicable to the New Takeda ADSs (by completing Part 4C on the WHITE Certificated Form of Election) (an “**ADS Election**”). Please refer to paragraph 19.3(c) of Part II (Explanatory Statement) of this document for further information concerning the making of an ADS Election and to paragraph 5 of Part V (Takeda Securities) of this document for summary details of the New Takeda ADSs; or
- (d) in the case of a Shire Shareholder who holds 200 or fewer Shire Shares in certificated form as at the Scheme Record Time and has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have all (but not some only) of the New Takeda Shares which they are entitled to receive pursuant to the Scheme sold on their behalf under the Dealing Facility and to have the net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with such sale) remitted to them in pounds Sterling (by completing Part 4D on the WHITE Certificated Form of Election) (a “**Dealing Facility Election**”). Please refer to paragraph 19.3(d) of Part II (Explanatory Statement) of this document for further information concerning the making of a Dealing Facility Election.

Flowcharts explaining the availability of the above Elections are included on pages 16 to 18 and details of how to complete the Certificated Form of Election are included in the notes which accompany the Certificated Form of Election.

If you hold Shire Shares in certificated form and wish to make a Securities Election, you should complete at least one of Part 4A, Part 4B, Part 4C or Part 4D (as applicable) of, and sign, the WHITE Certificated Form of Election in accordance with the instructions printed thereon and return it to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.

Shire Shareholders who hold their Shire Shares in certificated form are not eligible to elect to receive CDIs representing New Takeda ADSs.

In certain cases, Shire Shareholders are permitted to split their holding of Shire Shares such that they may make multiple Securities Elections in relation to their holding. Further details are set out in paragraph 5 in this Part IX.

2. Elections by Shire Shareholders holding Shire Shares in uncertificated form (that is, in CREST)

If you are a CREST personal member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Shire Shares are held. In addition, only your CREST sponsor will be able to send any TTE Instruction to Euroclear in relation to your Shire Shares.

2.1 Currency Elections and ADS Elections to receive CDIs representing New Takeda ADSs

(a) Currency Elections

Unless they elect otherwise, each Shire Shareholder who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time and does not make a valid Currency Election will receive the cash portion of the Consideration which is payable to them under the Scheme in US Dollars. Such Shire Shareholders may elect to have the US Dollar cash portion of the Consideration which is payable to them under the Scheme instead paid in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date under the Currency Conversion Facility.

If you hold Shire Shares in uncertificated form and wish to make a Currency Election, you must issue a TTE Instruction through CREST using the procedure described in paragraph 2.1(c) of this Part IX.

Each Shire Shareholder who holds Shire Shares in uncertificated form and does not make a valid Currency Election must ensure that an active US Dollar Cash Memorandum Account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar Cash Memorandum Account, the payment of the cash portion of the Consideration will not settle, resulting in a delay and the settlement of the cash portion of the Consideration outside of CREST.

(b) ADS Elections to receive CDIs representing New Takeda ADSs

Shire Shareholders who hold Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may elect to receive CDIs representing New Takeda ADSs by making the relevant TTE Instruction through CREST using the procedure described in paragraph 2.1(c) of this Part IX.

The CDIs representing New Takeda ADSs will not carry any voting rights in Takeda (unless and to the extent such CDIs are cancelled such that the Takeda ADSs are held through DTC by settling a cross-border delivery transaction in respect of the underlying New Takeda ADSs through CREST to a DTC participant).

Furthermore, the holders of CDIs representing New Takeda ADSs may not be able to claim either: (i) a reduction, pursuant to a double taxation convention, of the rate of 15.315 per cent. at which it is expected that tax will be withheld under Japanese law from dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda in respect of New Takeda Shares underlying New Takeda ADSs represented by CDIs; or (ii) a refund of such tax withheld in excess of the rate provided for in a double taxation convention. If holders of CDIs representing New Takeda ADSs intend to claim the benefit of any applicable double taxation convention, they may wish to cancel their CDIs as soon as practicable after the Effective Date so as to receive the underlying New Takeda ADSs. Your attention is drawn to paragraph 3.2(a) of Part VII (Taxation) of this document, which contains certain general comments on the Japanese tax treatment of dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda.

(c) *Form of TTE Instruction*

In order to make a Currency Election and/or ADS Election to receive CDIs representing New Takeda ADSs, CREST sponsors should send a TTE Instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following:

- (i) the number of Shire Shares in respect of which: (i) the Currency Election; (ii) the ADS Election to receive CDIs representing New Takeda ADSs; or (iii) the combined Currency Election and ADS Election to receive CDIs representing New Takeda ADSs, is being made (such Shire Shares to be transferred to an escrow balance);
- (ii) their member account ID;
- (iii) their participant ID;
- (iv) the participant ID of the escrow agent, Equiniti, in its capacity as a CREST Receiving Agent; this is "2RA51";
- (v) the relevant member account ID(s) of the escrow agent, Equiniti, in its capacity as a CREST Receiving Agent:
 - (A) to make a Currency Election only, this is "RA288202";
 - (B) to make an ADS Election to receive CDIs representing New Takeda ADSs only, this is "RA288203"; and
 - (C) to make a combined Currency Election and an ADS Election to receive CDIs representing New Takeda ADSs, this is "RA288204";
- (vi) the ISIN of the relevant Shire Shares (this is "JE00B2QKY057");
- (vii) the intended settlement date (this should be as soon as possible and in any event by the TTE Instruction Return Time);
- (viii) the corporate action number for the transaction; this is allocated by Euroclear and can be found by viewing the relevant corporate action details on-screen in CREST;
- (ix) CREST standard delivery instructions priority of 80; and
- (x) a contact name and telephone number (inserted in the shared note field of the TTE Instruction).

After making the TTE Instruction, the CREST sponsor will not be able to access the Shire Shares concerned in CREST for any transaction or for charging purposes. If the Scheme

is implemented in accordance with its terms, the escrow agent will arrange for the cancellation of the Shire Shares. Shire Shareholders who hold Shire Shares in uncertificated form are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedure outlined above.

Shire Shareholders should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. Shire Shareholders should therefore ensure that all necessary action is taken by them (or by their CREST sponsor) to enable a TTE Instruction relating to their Shire Shares to settle before the TTE Instruction Return Time. In doing so, Shire Shareholders are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

A Shire Shareholder may make a Currency Election and/or an ADS Election to receive CDIs representing New Takeda ADSs in respect of all or part of their holding of Shire Shares at the Scheme Record Time.

If you hold Shire Shares in both certificated and uncertificated form and you wish to make a Currency Election and/or an ADS Election to receive CDIs representing New Takeda ADSs in respect of both such holdings, you must make a separate election in respect of each holding.

2.2 Securities Election (other than an ADS Election to receive CDIs representing New Takeda ADSs)

Securities Elections are required to be made outside of CREST by the completion of the CREST Form of Election (other than an ADS Election to receive CDIs representing New Takeda ADSs – in respect of which please see paragraphs 2.1(b) and 2.1(c) of this Part IX).

Shire Shareholders who make a valid JASDEC Election, Corporate Nominee Election and/or ADS Election (other than an ADS Election to receive CDIs representing New Takeda ADSs) will not receive their entitlement to New Takeda Shares or New Takeda ADSs (as applicable) settled through the CREST system. CREST participants will need to resolve their settlement obligations bilaterally with their counterparty.

Subject to the terms and conditions set out in this document, each Shire Shareholder (other than a Restricted Shire Shareholder) who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may, in relation to their holding of Shire Shares, make at least one of the following Elections (each a “**Securities Election**”):

- (a) elect to hold the New Takeda Shares which they are entitled to receive pursuant to the Scheme in their own JASDEC Account (by completing Part 4A on the GREEN CREST Form of Election) (a “**JASDEC Election**”). Please refer to paragraphs 19.1 and 19.3(a) of Part II (Explanatory Statement) of this document for a summary of the background to holding New Takeda Shares through a JASDEC Account and for further information concerning the making of a JASDEC Election;
- (b) in the case of a Shire Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time, elect to have the New Takeda Shares which they are entitled to receive pursuant to the Scheme held on their behalf through the Corporate Nominee Facility, subject to the Corporate Nominee Facility Terms and Conditions (by completing Part 4B on the GREEN CREST Form of Election) (a “**Corporate Nominee Election**”). Please refer to paragraph 19.3(b) of Part II (Explanatory Statement) of this document for further information concerning the making of a Corporate Nominee Election and to paragraph 21 Part II (Explanatory Statement) of this document for summary details of the Corporate Nominee Facility; or

- (c) elect to receive 1.678 New Takeda ADSs (each New Takeda ADS representing 0.5 New Takeda Shares) for each Shire Share they hold instead of the 0.839 New Takeda Shares per Shire Share which they would otherwise have been entitled to receive pursuant to the Scheme, subject to the terms and conditions applicable to the New Takeda ADSs (an “**ADS Election**”). Shire Shareholders may make an ADS Election: (i) by completing Part 4C on the GREEN CREST Form of Election, so as to receive New Takeda ADSs through DTC or directly through the direct registration system; or (ii) by making the relevant TTE Instruction through CREST, so as to receive CDIs representing New Takeda ADSs (in respect of which please see paragraphs 2.1(b) and 2.1(c) of this Part IX) Please refer to paragraph 19.3(c) of Part II (Explanatory Statement) of this document for further information concerning the making of an ADS Election and to paragraphs 5 and 6 of Part V (Takeda Securities) of this document for summary details of the New Takeda ADSs and CDIs representing New Takeda ADSs.

Shire Shareholders who hold their Shire Shares in uncertificated form are not eligible to make an Election for the Dealing Facility.

If you hold Shire Shares in uncertificated form (that is, in CREST) and wish to make a Securities Election (other than an ADS Election to receive CDIs representing New Takeda ADSs), you should complete at least one of Part 4A, Part 4B or Part 4C (as applicable) of, and sign, the GREEN CREST Form of Election in accordance with the instructions printed thereon and return it to Equiniti, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.

If you hold Shire Shares in uncertificated form (that is, in CREST) and wish to make an ADS Election to receive CDIs representing New Takeda ADSs, you must make the relevant TTE Instruction through CREST (see paragraphs 2.1(b) and 2.1(c) of this Part IX).

In certain cases, Shire Shareholders are permitted to split their holding of Shire Shares such that they may make multiple Securities Elections in relation to their holding. Further details are set out in paragraph 5 in this Part IX.

Flowcharts explaining the availability of the above Elections are included on pages 16 to 18 and details of how to complete the CREST Form of Election are included in the notes which accompany the CREST Form of Election.

3. Notes on making a Corporate Nominee Election

Shire Shareholders must provide applicable Customer Identification and Verification documents (as set out in the notes which accompany the Forms of Election) when returning their Form of Election to make a valid Corporate Nominee Election.

4. Notes on making ADS Elections to receive New Takeda ADSs

Shire Shareholders requesting delivery of New Takeda ADSs to their broker or other securities intermediary in DTC must include information about a DTC participant account, including a valid DTC participant name, DTC participant account number and the other information requested in Part 4C of the Form of Election, to allow the Takeda Depository to complete delivery of the New Takeda ADSs.

Such Shire Shareholders should contact their broker or other securities intermediary to request that it, or the DTC participant through which it clears, inputs valid instructions to receive delivery of the New Takeda ADSs free of payment from the Takeda Depository’s DTC participant account (account number 2504). The Takeda Depository expects to commence delivery of the New Takeda ADSs to DTC accounts on or after the second Business Day following the Effective Date, subject to receipt of the New Takeda Shares at its custodian bank and valid delivery instructions. The Takeda Depository may contact the DTC participant using the contact information supplied in the Form of Election in order to complete delivery of the New Takeda ADSs.

If the Takeda Depository is unable to complete delivery of the New Takeda ADSs within 30 days of the date on which the Takeda Depository first attempted to commence delivery, the Takeda Depository will register the New Takeda ADSs and mail a Direct Registration Statement to the relevant Shire Shareholder in accordance with the information supplied in Part 1 of the Form of Election.

5. Split Securities Elections

Shire Shareholders are permitted to split their holding of Shire Shares such that they may make a single, separate JASDEC Election, Corporate Nominee Election and/or an ADS Election in respect of some of or all of their Shire Shares at the Scheme Record Time on the same Form of Election.

Shire Shareholders are not permitted to make multiple JASDEC Elections, Corporate Nominee Elections and/or ADS Elections in relation to any part of their holding of Shire Shares (i.e., a Shire Shareholder may not make more than one JASDEC Election in respect of their holding, nor may a Shire Shareholder make more than one Corporate Nominee Election in respect of their holding, nor may a Shire Shareholder make more than one ADS Election in respect of their holding).

Shire Shareholders may only make a Dealing Facility Election in respect of their entire holding of Shire Shares. A Dealing Facility Election made by a Shire Shareholder in respect of a specified number or part of their holding of Shire Shares shall be treated as having been made in respect of their entire holding of Shire Shares and any other Securities Election(s) which is purported to have been made by such Shire Shareholder shall be invalid.

6. Failure to make a valid Securities Election

Each Shire Shareholder who does not make a valid Securities Election in respect of all of their Shire Shares will receive 0.839 New Takeda Shares for each Shire Share they hold at the Scheme Record Time in respect of which no such Securities Election has been made. Such New Takeda Shares will be held in the name of the Representative as bare trustee for such Shire Shareholder until the earlier of: (i) the delivery of a valid Securities Election by such Shire Shareholder to Equiniti in relation to the action which should be taken in respect of the New Takeda Shares (in which case the Representative will procure that such action is taken as is required in order to give effect to such Securities Election); and (ii) the date which falls three months from the Effective Date (in which case the Representative will procure that such New Takeda Shares are sold in the market in accordance with the Sales Policy and that the net proceeds of sale (after the deductions specified in the Sales Policy) are paid to such Shire Shareholder).

Shire Shareholders who hold their Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may only make an ADS Election to receive CDIs representing New Takeda ADSs by making a TTE Instruction before the TTE Instruction Return Time. As the CREST system will be disabled from the Scheme Record Time, it will not be possible to make a TTE Instruction to receive CDIs representing New Takeda ADSs after the TTE Instruction Return Time.

New Takeda Shares held in the name of the Representative as bare trustee for Shire Shareholders who have not made a valid Securities Election in respect of all of their Shire Shares will carry the right to receive any dividends, distributions or other returns of capital announced, declared, made or paid by Takeda by reference to a record date falling after the Effective Date but before the date on which such New Takeda Shares are either: (i) transferred out of the No Action Sub-Account or sold through the Dealing Facility pursuant to a valid Securities Election; or (ii) sold in the market pursuant to the Sales Policy. Once any such dividends, distributions or other returns of capital are received by the Fiduciary on behalf of the Representative acting as bare trustee for the relevant Shire Shareholders (including, if applicable, any dividends, distributions or other returns of capital received after the relevant New Takeda Shares have been sold where the relevant dividend, distribution or other return of capital was declared, made or paid by reference to a record date falling after the Effective Date, but before the date of sale), Takeda will procure that they will be paid to relevant Shire Shareholders in: (i) pounds Sterling to Shire Shareholders who held their Shire Shares in certificated form and have a registered address in the United Kingdom, Channel Islands or Isle of Man as at the Scheme Record Time; and (ii) US

Dollars to all other Shire Shareholders, in each case converted at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate prior to the rate of payment and net of any applicable customary transaction and dealing costs associated with the conversion. Shire Shareholders should note that Japanese withholding tax at a standard rate of 15.315 per cent. will be applied to any dividends (or other distributions deemed to be dividends for Japanese tax purposes) prior to their payment to the Fiduciary. Shire Shareholders should note that, to the extent that Shire Shareholders hold their New Takeda Shares through the No Action Sub-Account, it is expected that Shire Shareholders who are entitled to the benefit of a double taxation convention would face significant practical difficulties if they were to try and apply for a refund of any tax withheld in excess of the applicable treaty rate. Takeda's usual practice is to determine a dividend record date of March 31, with payment of the dividend taking place in June.

7. Deadline for return of Forms of Election and TTE Instructions

The last time for Equiniti to receive your Form of Election will be 6.00 p.m. (London time) on January 2, 2019. You should allow sufficient time for posting for your Form of Election to be received on time.

The last time for receiving a TTE Instruction through CREST (applicable only for Shire Shareholders who hold their Shire Shares in uncertificated form and who wish to make an election: (i) under the Currency Conversion Facility; and/or (ii) to receive CDIs representing New Takeda ADSs), will be 6.00 p.m. (London time) on January 4, 2019.

Any changes to the Election Return Time (the last time for Equiniti to receive your Form of Election or for a TTE Instruction to be received) will be announced by Shire through a Regulatory Information Service, with such announcement being made available on Shire's and Takeda's websites at www.shire.com and www.takeda.com, respectively, and communicated to Shire Shareholders at around the same date as such announcement.

8. Changes to the number of Shire Shares held by a Shire Shareholder

If a Shire Shareholder has made a valid Election in respect of all of their Shire Shares (i.e., by marking "ALL" in the relevant part of a Form of Election or by making a Dealing Facility Election in respect of all of their Shire Shares), then the validity of such Election will not be affected by any increase or decrease in the number of Shire Shares held by the Shire Shareholder at any time before the Scheme Record Time. Accordingly, such Election will apply in respect of all of the Shire Shares which the Shire Shareholder holds at the Scheme Record Time.

If a Shire Shareholder has made one or more valid Elections in respect of a number of Shire Shares (i.e., by writing a number of shares on the Form of Election and/or TTE Instruction (as applicable)), then, in the event that the number of Shire Shares held by the relevant Shire Shareholder at the Scheme Record Time:

- (a) is less than the aggregate number of Shire Shares to which the Election(s) relate, then each such Election will apply pro rata in respect of the number of Shire Shares which the Shire Shareholder holds at the Scheme Record Time; and
- (b) is greater than the aggregate number of Shire Shares to which the Election(s) relate, each such Election will apply only in respect of the number of Shire Shares specified in the relevant Form of Election and/or TTE Instruction (as applicable) and any Shire Shares which are not the subject of a valid Securities Election shall be treated in accordance with paragraph 6 of this Part IX.

In the event that a pro rata reduction is applied in respect of an Election as described in (a) above, and such reduction would result in the apportionment of a fraction of a Shire Share between two or more Election options, the number of Shire Shares apportioned to each such Election shall be rounded down to the nearest whole number and the aggregate of any fractions resulting therefrom shall: (i) subject to the relevant Shire Shareholder having made a valid ADS Election in respect of some of their holding of

Shire Shares, be treated as having been the subject of a valid ADS Election; or (ii) otherwise be treated as having been the subject of a valid JASDEC Election.

TTE Instructions in relation to Currency Elections and/or ADS Elections to receive CDIs representing New Takeda ADSs may only be made in relation to a specified number of Shire Shares.

9. Elections other than for a whole number of Shire Shares

Elections will only be accepted in respect of a whole number of Shire Shares. Any Election which is made in respect of a number of Shire Shares which is not a whole number shall be deemed to be made in respect of the nearest whole number of Shire Shares when rounded down.

10. Withdrawals

If you have returned a Form of Election and subsequently wish to withdraw or amend that Election, please contact Equiniti in writing by 1.00 p.m. (London time) on the Business Day immediately prior to the date of the Election Return Time (which is expected to be January 2, 2019). Please clearly specify whether you would like to withdraw or amend the Election that you have made and ensure that your request contains an original signature. Any written requests of this nature should be sent to Equiniti. It is at Equiniti's absolute discretion to require the submission of a new Form of Election if an amendment is requested.

If you made an Election for the Currency Conversion Facility or an ADS Election to receive CDIs representing New Takeda ADSs through a TTE Instruction, you may withdraw your Election through CREST by sending (or, if you are a CREST sponsored member, procuring that your CREST sponsor sends) an ESA Instruction to settle in CREST by no later than 1.00 p.m. (London time) on the Business Day immediately prior to the date of the Scheme Record Time (which is expected to be January 3, 2019) in relation to the relevant Election. Each ESA Instruction must, in order for it to be valid and to settle, include the following:

- (a) the number of Shire Shares to be withdrawn, together with their ISIN number, which is "JE00B2QKY057";
- (b) your member account ID;
- (c) your participant ID;
- (d) the participant ID of the escrow agent, Equiniti, in its capacity as a CREST Receiving Agent; this is "2RA51";
- (e) the relevant member account ID of the escrow agent, Equiniti:
 - (i) to withdraw a Currency Election only, this is "RA288202";
 - (ii) to withdraw an ADS Election to receive CDIs representing New Takeda ADSs only, this is "RA288203"; and
 - (iii) to withdraw a combined Currency Election and an ADS Election to receive CDIs representing New Takeda ADSs, this is "RA288204";
- (f) the CREST transaction ID of the Election to be withdrawn;
- (g) the intended settlement date for the withdrawal;
- (h) the corporate action number for the transaction; this is allocated by Euroclear and can be found by viewing the relevant corporate action details on-screen in CREST; and
- (i) CREST standard delivery instructions priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of Shire and Takeda reject or accept the

withdrawal or amendment by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

11. Late or incomplete Elections

If any Form of Election is received after the Election Return Time, which is currently expected to be 6.00 p.m. (London time) on January 2, 2019 (or such later time (if any) to which the right to make an Election may be extended) or any TTE Instruction is received after the TTE Instruction Return Time, which is currently expected to be 6.00 p.m. (London time) on January 4, 2019 (or such later time (if any) to which the right to make a Currency Election or an ADS Election to receive CDIs representing New Takeda ADSs by way of TTE Instruction may be extended), or such Form of Election or TTE Instruction is received before the relevant time and date but is not valid or complete in all respects at such time and date, such Election or TTE Instruction (as applicable) shall, for all purposes, subject to the following paragraph, be void (unless Shire and Takeda, in their absolute discretion, determine to treat as valid, in whole or in part, any such Election or TTE Instruction (as applicable)).

If a Securities Election (other than an ADS Election to receive CDIs representing New Takeda ADSs) in relation to the action which should be taken in respect of New Takeda Shares is submitted after the Election Return Time but before the date falling three months after the Effective Date, and, but for being submitted after the Election Return Time, is otherwise valid, the relevant New Takeda Shares will, as soon as reasonably practicable after receipt of the Securities Election, be transferred to the designated JASDEC Account or the Takeda Depository's JASDEC Account, recorded to the relevant Personal Sub-Account or sold through the Dealing Facility, as the case may be.

Shire Shareholders who hold their Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may only make an ADS Election to receive CDIs representing New Takeda ADSs by making a TTE Instruction before the TTE Instruction Return Time. As the CREST system will be disabled from the Scheme Record Time, it will not be possible to make a TTE Instruction to receive CDIs representing New Takeda ADSs after the TTE Instruction Return Time.

12. General

Without prejudice to any other provision of this section or the Form of Election or otherwise, Shire and Takeda reserve the right (subject to the terms of the Acquisition and the provisions of the Takeover Code) to treat as valid in whole or in part any Election which is not entirely in order.

No acknowledgements of receipt of any Form of Election, TTE Instruction or other documents will be given. All communications, notices, other documents and remittances to be delivered by or to or sent to or from Shire Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such Shire Shareholders (or their designated agent(s)) at their own risk.

Shire, Takeda and their respective agents reserve the right to notify any matter to all or any Shire Shareholders with registered addresses outside Jersey or the United Kingdom or to the nominees, trustees or custodians for such Shire Shareholders by announcement in Jersey or the United Kingdom or paid advertisement in any daily newspaper published and circulated in Jersey or the United Kingdom or any part thereof, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Shire Shareholders to receive or see such notice. All references in this document to notice in writing, or the provision of information in writing, by or on behalf of Shire, Takeda and their respective agents shall be construed accordingly. No such document shall be sent to an address outside Jersey or the United Kingdom where it would or might infringe the laws of that jurisdiction or would or might require Shire or Takeda to obtain any governmental or other consent or to effect any registration, filing or other formality with which, in the opinion of Shire or Takeda, it would be unable to comply or which it regards as unduly onerous.

The Forms of Election, TTE Instructions and all Elections thereunder, and all action taken or made or deemed to be taken or made pursuant to any of these terms, shall be governed by and interpreted in accordance with Jersey law and shall be subject to the jurisdiction of the Court.

Execution of a Form of Election and/or the submission of a TTE Instruction (as applicable) by, or on behalf, of a Shire Shareholder will constitute such Shire Shareholder's agreement that the Court is (subject to the paragraph below) to have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the creation, validity, effect, interpretation or performance of the Form of Election and/or TTE Instruction (as applicable), and for such purposes that such Shire Shareholder irrevocably submits to the jurisdiction of the Court.

Execution of a Form of Election and/or the submission of a TTE Instruction (as applicable) by, or on behalf of, a Shire Shareholder will constitute their agreement that the agreement in the paragraph above is included for the benefit of Shire, Takeda and their respective agents and accordingly, notwithstanding the agreement in the paragraph above, each of Shire, Takeda and their respective agents shall retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the electing Shire Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

If the Scheme is not implemented in accordance with its terms, any Election made or deemed to be made shall cease to be valid.

Neither Shire, Takeda nor any of their respective advisers or any person acting on behalf of any one of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of Elections made or deemed to have been made under the Scheme on any of the bases set out in this section or otherwise in connection therewith.

13. Shire ADS Holders

The Shire Depositary will make an ADS Election in respect of its entire holding of Shire Shares underlying the Shire ADSs as at the Scheme Record Time. **Consequently, as each Shire ADS represents three Shire Shares, Shire ADS Holders will receive \$90.99 in cash and 5.034 New Takeda ADSs (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depositary after the Scheme Effective Time) for every Shire ADS which they hold at the ADS Effective Date, subject to any deductions in respect of US backup withholding.**

Shire ADS Holders are not entitled to make Elections in respect of their Shire ADSs. If a Shire ADS Holder does not wish to receive the Consideration in US Dollars and New Takeda ADSs, and instead wishes to make an Election, Shire ADS Holders must take delivery of Shire Shares directly. In order to do so, Shire ADS Holders must take steps to present their Shire ADSs to the Shire Depositary for cancellation before 5.00 p.m. (New York time) on December 26, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depositary's fees for Shire ADSs that are presented for cancellation prior to 5.00 p.m. on November 23, 2018) and take delivery of Shire Shares so as to become Shire Shareholders before the Scheme Record Time.

Shire ADS Holders should note that the last time for Equiniti to receive Forms of Election from Shire Shareholders is 6.00 p.m. (London time) on January 2, 2019 and the last time for receipt of TTE Instructions is 6.00 p.m. (London time) on January 4, 2019. Accordingly, Shire ADS Holders who wish to present their Shire ADSs to the Shire Depositary for cancellation are advised to do so well in advance of 5.00 p.m. (New York time) on December 26, 2018 in order to allow themselves sufficient time to submit a valid Election in respect of their Shire Shares.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018. Shire ADS Holders who present their Shire ADSs to the Shire Depositary for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depositary's fees associated with such cancellation. Shire ADS Holders who

present their Shire ADSs to the Shire Depository for cancellation between 8:00 a.m. (New York time) on December 4, 2018 and 5.00 p.m. (New York time) on December 26, 2018 in order to take delivery of Shire Shares will not be responsible for the payment of the Shire Depository's fees associated with such cancellation.

Further information for Shire ADS holders is set out at Part X (Further information for Shire ADS Holders) of this document.

14. Overseas Shareholders

Further details about the availability of the Scheme and the Acquisition to Overseas Shareholders are set out in paragraph 27 of Part II (Explanatory Statement) of this document.

If you are a Restricted Shire Shareholder, you will not be sent a WHITE Certificated Form of Election or a GREEN CREST Form of Election and will not be entitled to make any Elections under such forms or by TTE Instruction.

PART X

FURTHER INFORMATION FOR SHIRE ADS HOLDERS

1. The Acquisition

As each Shire ADS represents three Shire Shares, under the terms of the Acquisition, the Scheme becoming effective will result, in effect, in each Shire ADS Holder being entitled to 90.99 US Dollars in cash and 5.034 New Takeda ADSs, in each case for each Shire ADS, which is to be settled in accordance with, and subject to the deductions more particularly described in, paragraph 5 of this Part X.

2. The Scheme

On the Effective Date, all the Shire Shares as at the Scheme Record Time which are represented by the outstanding Shire ADSs will be transferred to Takeda (or such of its nominee(s) as are agreed between Takeda and Shire) in consideration for the Consideration payable by, or on behalf of, Takeda to the Shire Depository. Shire ADS Holders will receive their pro rata share of the Consideration, in respect of each Shire ADS they hold at the ADS Effective Date, through the settlement procedure described in paragraph 5 of this Part X.

3. Voting

Shire ADS Holders have been sent an ADS Voting Card and a Notice of Court Meeting and Extraordinary General Meeting by the Shire Depository. A Shire ADS Holder can vote, or direct the voting of, the Shire Shares represented by its Shire ADSs in a number of ways.

Voting via the Shire Depository: Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 should, if they wish to direct the voting of the Shire Shares represented by their Shire ADSs that are held by the Shire Depository (or its nominee), sign, complete and return the ADS Voting Card in accordance with the instructions printed thereon and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depository in order to instruct the Shire Depository how to vote the Shire Shares represented by their Shire ADSs on their behalf at the Court Meeting and the Shire General Meeting. The ADS Voting Card should be returned by mail to Shire plc, c/o Citibank Shareholder Services, PO Box 43099, Providence RI 02940-5000, USA, as soon as possible and, in any event, so as to be received no later than 10.00 a.m. (New York time) on November 29, 2018 or if either the Court Meeting or the Shire General Meeting is adjourned, such later date as may be notified by the Shire Depository, having consulted with Shire. Alternatively, Shire ADS Holders as at the ADS Voting Record Time of 5.00 p.m. (New York time) on November 7, 2018 may instruct the Shire Depository with voting instructions by internet or telephone, as set out in the instructions printed on the ADS Voting Card and in the Notice of Court Meeting and Extraordinary General Meeting received from the Shire Depository.

Shire ADS Holders who hold their Shire ADSs indirectly must follow the instructions from their custodian, broker or other agent through which they hold their Shire ADSs if they wish to give voting instructions to the Shire Depository. Providing voting instructions via a custodian, broker or other agent may require the provision of information by a particular deadline, well in advance of the deadline to give the Shire Depository voting instructions, and therefore you are encouraged to reach out to such custodian, broker or other agent for any such deadline as quickly as possible.

Following timely receipt of a signed and completed ADS Voting Card (or instructions by internet or telephone) from a Shire ADS Holder, the Shire Depository shall endeavour, insofar as practicable and permitted under the provisions of, or governing, the Shire Shares represented by Shire ADSs, to vote or cause its nominee to vote (by means of the appointment of a proxy or otherwise) such Shire Shares represented by the Shire ADSs in respect of which instructions have been received in accordance with those instructions.

Cancellation of Shire ADSs so as to become a Shire Shareholder: Shire ADS Holders who wish to attend the Court Meeting and/or the Shire General Meeting must take steps to present their Shire ADSs (and, to the extent that such Shire ADSs are certificated, the certificates evidencing such Shire ADSs) to the Shire Depository for cancellation before 5.00 p.m. (New York time) on November 23, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depository's fees), together with: (i) delivery instructions for the Shire Shares represented by such Shire ADSs (including, if applicable, the name and address of the person who will be the registered holder of such Shire Shares); and (ii) if the cancellation is to take place before the Shire Meetings, a certification that the Shire ADS Holder: (x) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has not given, and will not give, voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings (or has cancelled all voting instructions previously given); (y) beneficially owned the relevant Shire ADSs as at the ADS Voting Record Time and has given voting instructions to the Shire Depository in respect of such Shire ADSs in relation to the Shire Meetings, but undertakes not to vote the Shire Shares represented by such Shire ADSs at the Shire Meetings; or (z) did not beneficially own the relevant Shire ADSs as at the ADS Voting Record Time, but undertakes not to vote the Shire Shares represented by such Shire ADSs at the Shire Meetings. Shire ADS Holders who hold their Shire ADSs in a brokerage, bank, custodian or other nominee account should promptly contact their broker, bank or other nominee to find out what actions are required to instruct the broker, bank or other nominee to cancel the Shire ADSs on their behalf.

Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depository's fees associated with such cancellation.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018. Shire ADS Holders who take steps (as described in the paragraphs above) to cancel their Shire ADSs before 5.00 p.m. (New York time) on November 23, 2018 and become Shire Shareholders before the Voting Record Time will also have the right to attend the Court Sanction Hearing in person and be represented by counsel to support or oppose the sanctioning of the Scheme.

4. Elections

The Shire Depository will make an ADS Election in respect of its entire holding of Shire Shares underlying the Shire ADSs as at the Scheme Record Time. **Consequently, as each Shire ADS represents three Shire Shares, Shire ADS Holders will receive \$90.99 in cash and 5.034 New Takeda ADSs (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depository after the Scheme Effective Time) for every Shire ADS which they hold at the ADS Effective Date, subject to any deductions in respect of US backup withholding (see paragraph 5 of this Part X).**

Shire ADS Holders are not entitled to make Elections in respect of their Shire ADSs. If a Shire ADS Holder does not wish to receive the Consideration in US Dollars and New Takeda ADSs, and instead wishes to make an Election, Shire ADS Holders must take delivery of Shire Shares directly. In order to do so, Shire ADS Holders must take steps to present their Shire ADSs to the Shire Depository for cancellation before 5.00 p.m. (New York time) on December 26, 2018 (subject to the relevant Shire ADS Holder's compliance with the terms of the Shire Deposit Agreement and payment of the Shire Depository's fees for Shire ADSs that are presented for cancellation prior to 5.00 p.m. on November 23, 2018) and take delivery of Shire Shares so as to become Shire Shareholders before the Scheme Record Time.

Shire ADS Holders should note that the last time for Equiniti to receive Forms of Election from Shire Shareholders is 6.00 p.m. (London time) on January 2, 2019 and the last time for receipt of TTE Instructions is 6.00 p.m. (London time) on January 4, 2019. Accordingly, Shire ADS Holders who wish to present their Shire ADSs to the Shire Depository for cancellation are advised to do so well in advance of 5.00 p.m. (New York time) on December 26, 2018 in order to allow themselves sufficient time to submit a valid Election in respect of their Shire Shares.

Shire ADS Holders will not be permitted to cancel their Shire ADSs from 5.00 p.m. (New York time) on November 23, 2018 until 8.00 a.m. (New York time) on December 4, 2018.

Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation prior to 5.00 p.m. (New York time) on November 23, 2018 in order to take delivery of Shire Shares will be responsible for the payment of the Shire Depository's fees associated with such cancellation. Shire ADS Holders who present their Shire ADSs to the Shire Depository for cancellation between 8:00 a.m. (New York time) on December 4, 2018 and 5.00 p.m. (New York time) on December 26, 2018 in order to take delivery of Shire Shares will not be responsible for the payment of the Shire Depository's fees associated with such cancellation.

5. Settlement

On the Effective Date, Shire Shares as at the Scheme Record Time represented by the Shire ADSs will be transferred to Takeda (or such of its nominee(s) as are agreed between Takeda and Shire). Within 14 days of the Effective Date, the Shire Depository will, in accordance with the terms of the Scheme, receive: (i) a cash amount in US Dollars; and (ii) New Takeda ADSs, in each case equal to the total amount due by way of Consideration under the terms of the Scheme in respect of all the Shire Shares held by the Shire Depository at the Scheme Record Time.

Once the Shire Depository has received the New Takeda ADSs, each Shire ADS Holder will receive (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depository) their pro rata entitlement to New Takeda ADSs (in respect of each Shire ADS they hold at the ADS Effective Date) from the Shire Depository in accordance with the terms and conditions of the Shire Deposit Agreement. Once the Shire Depository has received the relevant cash amount in US Dollars, each Shire ADS Holder will receive (upon surrender of their certificated Shire ADSs (if applicable) to the Shire Depository) their pro rata portion of the cash in US Dollars (in respect of each Shire ADS they hold at the ADS Effective Date). On the Effective Date, Shire will become wholly owned by Takeda and/or its nominee(s), and Shire ADSs will cease to represent any interest in Shire Shares. Registered holders of certificated Shire ADSs will, on or after the ADS Effective Date, receive letters of transmittal from the Shire Depository. Those holders must sign and return the letter of transmittal, together with their Shire ADS certificates, to receive their funds and New Takeda ADSs. Registered holders of uncertificated Shire ADSs will automatically receive their funds and New Takeda ADSs, and do not need to take any further action. Payments to registered holders of Shire ADSs will be made by cheques mailed by the Shire Depository to the address the Shire Depository has in its records for such registered holder.

The date on which New Takeda ADSs will be delivered to Shire ADS Holders will depend on the way in which such Shire ADS Holders held their Shire ADSs. It is expected that Shire ADS Holders holding through participants in DTC will receive delivery shortly after the receipt by the Shire Depository of the New Takeda ADSs and that registered Shire ADS Holders holding uncertificated Shire ADSs (that is, Shire ADSs held outside of DTC for which no certificates have been issued) will be issued New Takeda ADSs in uncertificated form beginning approximately one week thereafter (and will receive a statement by post reflecting the issuance of New Takeda ADSs in their name). Registered Shire ADS Holders holding certificates for their Shire ADSs will only receive delivery of their New Takeda ADSs after they return their signed letter of transmittal and Shire ADS certificate to the Shire Depository.

Any Shire ADS Holders who hold their Shire ADSs indirectly through a bank, broker, or other securities intermediary or share plan administrator within DTC, will receive credit of the funds and New Takeda ADSs to their account from their bank, broker or other securities intermediary or share plan administrator. The Shire Depository will remit the funds to DTC, and DTC will, in turn, credit the Shire ADS Holder's bank, broker, securities intermediary or share plan administrator.

In order to avoid the application of US backup withholding on cash amounts paid to Shire ADS Holders (including non-US persons) who have not previously provided a duly completed IRS Form W-8 or Form W-9 to their brokers or the Shire Depository that remains valid at the time of payment such holders must provide the Shire Depository with a properly completed IRS Form W-8 or Form W-9, as applicable, that establishes an exemption from backup withholding. For

further information, please see paragraph 2 in Part VII (Taxation) of this document. All Shire ADS Holders should consult their appropriate independent tax adviser to determine whether or not they are required to provide these forms. IRS Forms W-8 and W-9 are available on the IRS website at <http://www.irs.gov>.

In addition, pursuant to the notice of termination (pursuant to the Shire Deposit Agreement through which the Shire ADS programme is operated) which will be sent to Shire ADS Holders separately, the Shire Deposit Agreement will be terminated. Such notice of termination will be conditional on the Scheme becoming Effective in accordance with its terms.

6. Fractional entitlements

No fractional New Takeda ADSs will be delivered to Shire ADS Holders. The Shire Depositary will aggregate the New Takeda ADSs resulting from the entitlements of Shire ADS Holders to fractional New Takeda ADSs and sell them in the open market as soon as practicable after receipt by the Shire Depositary of the New Takeda ADSs. The net proceeds of sale (after deduction of all expenses and commissions incurred in connection with such sale, and rounded down to the nearest whole cent) shall be paid to Shire ADS Holders in due proportion to their entitlement.

7. Shire ADS Holder Helpline

The helpline for Shire ADS Holders is provided by the Shire Depositary and is available between 8.30 a.m. and 6.00 p.m. (New York time) Monday to Friday (except public holidays in the US) on +1 866 395 6421 from within the US or +1 781 575 4555 if calling from outside the US. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the US will be charged at the applicable international rate.

The Shire ADS Holder Helpline cannot provide advice on the merits of the Acquisition or give any financial, legal or tax advice.

PART XI

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Acquisition”	the proposed acquisition of the issued and to be issued ordinary share capital of Shire by Takeda to be implemented by means of the Scheme (or if Takeda so elects, subject to the terms of the Co-operation Agreement, a Takeover Offer) on the terms and subject to the Conditions set out in this document and, where the context requires, any subsequent revision, variation, extension or renewal thereof
“Adjusted EBITDA”	means, in relation to the Takeda Group, EBITDA (net profit before income tax expenses, depreciation and amortization and net interest expense), further adjusted to exclude impairment losses, other operating expenses and income (excluding depreciation and amortisation), finance expenses and income (excluding net interest expense), share of gains and losses from investments accounted for under the equity method and other items that are unrelated to Takeda’s core operations such as purchase accounting effects and transaction related costs
“ADR” or “American Depositary Receipt”	an American Depositary Receipt evidencing American Depositary Shares
“ADS” or “American Depositary Share”	an American Depositary Share
“ADS Effective Date”	the date which falls two Business Days after the Scheme Record Time, or such other time as Shire and the Shire Depositary may agree
“ADS Election”	an election to receive New Takeda ADSs or CDIs representing New Takeda ADSs (as applicable) under the ADS Election Facility
“ADS Election Facility”	the facility provided for under the terms of the Scheme under which a Shire Shareholder may elect to receive the non-cash portion of the Consideration payable to them in the form of New Takeda ADSs or (in the case of Shire Shareholders who make a valid ADS Election to receive CDIs representing New Takeda ADSs before the TTE Instruction Return Time and who hold Shire Shares in uncertificated form (that is, in CREST) only) CDIs representing New Takeda ADSs
“ADS Voting Card”	the WHITE form for use by Shire ADS Holders indicating to the Shire Depositary how their votes should be cast at the Shire Meetings
“ADS Voting Record Time”	5.00 p.m. (New York time) on November 7, 2018 or, if the Court Meeting and/or the Shire General Meeting is or are adjourned, such later date as may be notified by the Shire Depositary, having consulted with Shire

“Agent”	subject to the Special Resolution being approved, Shire, or such other person as may be appointed by Shire, conditional upon and with effect from the time and date at which the Scheme is sanctioned by the Court, acting as the agent of all Shire Shareholders at the Scheme Record Time
“AMI”	a JASDEC account management institution that has been admitted to JASDEC pursuant to the Book-Entry Act
“Authorisations”	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
“Awards”	awards/options/stock appreciation rights under the Shire Share Plans
“BACs”	Bankers’ Automated Clearing System, as operated by Bacs Payment Schemes Limited, a company which deals with payments that are made between bank accounts within the United Kingdom
“Baxalta”	Baxalta Incorporated
“Baxalta Merger”	the merger of BearTracks, Inc., a wholly owned subsidiary of Shire, with and into Baxalta which completed on June 3, 2016
“Baxalta Scheme”	options and restricted stock units over ADSs and Shire Shares that were originally granted over shares in Baxalta Inc and are governed by the rules of the Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards
“Book-Entry Act”	the Act on Book-Entry of Company Bonds, Shares, etc. of Japan, as amended from time to time
“Bridge Credit Agreement”	the bridge facility agreement described in paragraph 7 of Part II (Explanatory Statement) of this document
“Business Day”	a day (other than a Saturday, Sunday or public holiday in London, Jersey, New York or Tokyo) on which banks are open for business in London, Jersey, New York and Tokyo
“CDI”	a CREST depository interest, as defined in the CREST Manual
“certificated” or “in certificated form”	a share or other security which is not in uncertificated form
“Certificated Form of Election”	the WHITE form of election under which a Shire Shareholder who holds Shire Shares in certificated form may make: (i) a Currency Election; and/or (ii) a JASDEC Election, Corporate Nominee Election and/or an ADS Election (other than an ADS Election to receive CDIs representing New Takeda ADSs); and/or (iii) a Dealing Facility Election, subject to the terms and conditions set out in this document
“Citi”	Citigroup Global Markets Limited
“Clean Team Confidentiality Agreement”	the clean team agreement described in paragraph 11 of Part II (Explanatory Statement) of this document

“Closing Price”	the closing middle market quotations for Shire Shares on the London Stock Exchange and/or Takeda Shares on the Tokyo Stock Exchange (as applicable)
“Combined Group”	the enlarged group comprising the Shire Group and the Takeda Group following completion of the Acquisition
“Competition and Markets Authority” or “CMA”	the UK Competition and Markets Authority, which is a department of the government of the United Kingdom responsible for competition
“Conditions”	the conditions to the implementation of the Acquisition set out in Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document and a “Condition” shall mean any one of them
“Confidentiality Agreement”	the confidentiality agreement described in paragraph 11 of Part II (Explanatory Statement) of this document
“Confidentiality and Joint Defense Agreement”	the confidentiality and joint defense agreement described in paragraph 11 of Part II (Explanatory Statement) of this document
“Consideration”	the consideration payable to Shire Shareholders at the Scheme Record Time in accordance with the terms of the Scheme, comprising \$30.33 in cash and either 0.839 New Takeda Shares or 1.678 New Takeda ADSs per Shire Share
“Co-operation Agreement”	the agreement dated May 8, 2018 between Takeda and Shire relating, among other things, to the implementation of the Acquisition
“Corporate Nominee Election”	an election to receive New Takeda Shares through the Corporate Nominee Facility
“Corporate Nominee Facility”	the facility provided for under the terms of the Scheme under which a Shire Shareholder who has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time may elect to have the Fiduciary hold on their behalf some or all of the New Takeda Shares which such Shire Shareholder is entitled to receive as the non-cash portion of the Consideration for their Shire Shares pursuant to the Scheme, subject to the Corporate Nominee Facility Terms and Conditions
“Corporate Nominee Facility Terms and Conditions”	the terms and conditions governing the Corporate Nominee Facility, as set out at Appendix II (Corporate Nominee Facility Terms and Conditions) of this document
“Court”	the Royal Court of Jersey
“Court Meeting”	the meeting or meetings of the Shire Shareholders as at the Voting Record Time convened by order of the Court pursuant to Article 125 of the Jersey Companies Law, notice of which is set out in Part XII (Notice of Court Meeting) of this document, for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof

“Court Order”	the Act of the Court sanctioning the Scheme under Article 125 of the Jersey Companies Law
“Court Sanction Hearing”	the hearing at which the Court sanctions the Scheme
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form
“CREST Form of Election”	the GREEN form of election under which a Shire Shareholder who holds Shire Shares in uncertificated form (that is, in CREST) at the Scheme Record Time may make a JASDEC Election, Corporate Nominee Election and/or ADS Election (other than an ADS Election to receive CDIs representing New Takeda ADSs), or such other form of instruction as may be agreed between a Shire Shareholder and the Receiving Agent for the purposes of making an election on substantively the same terms as an Election, in each case subject to the terms and conditions set out in this document
“CREST International Manual”	the CREST International Manual published by Euroclear, as amended from time to time
“CREST Manual”	the CREST Manual published by Euroclear, as amended from time to time
“CREST Regulations”	in relation to Shire Shares held in uncertificated form, the Companies (Uncertificated Securities) (Jersey) Order 1999, as amended from time to time and in relation to CDIs representing New Takeda ADSs, the Uncertificated Securities Regulations 2001 (SI 2001 No.3755), as amended from time to time
“Currency Conversion Facility”	the facility provided for under the terms of the Scheme under which a Shire Shareholder may elect to receive the US Dollar cash portion of the Consideration which such Shire Shareholder is entitled to receive pursuant to the Scheme in pounds Sterling (net of any applicable customary transaction and dealing costs associated with the conversion) at the applicable market exchange rate on the latest reasonably practicable date for fixing such rate before the relevant payment date
“Currency Election”	an election for the Currency Conversion Facility
“Dealing Facility”	the facility provided for under the terms of the Scheme under which a Shire Shareholder who holds 200 or fewer Shire Shares in certificated form as at the Scheme Record Time and has a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time may make an election to have all of the New Takeda Shares which they are entitled to receive pursuant to the Scheme sold on their behalf, subject to the Dealing Facility Terms and Conditions
“Dealing Facility Election”	an election to sell New Takeda Shares through the Dealing Facility
“Dealing Facility Terms and Conditions”	the terms and conditions governing the operation of the Dealing Facility, a copy of which is available on the Takeda and Shire

	websites, at www.takeda.com and www.shire.com respectively or by contacting the Shareholder Helpline
“Disclosed”	the information fairly disclosed by or on behalf of Shire: (i) in the annual report and accounts of the Shire Group for the financial year ended December 31, 2017; (ii) in this document; (iii) in the Rule 2.7 Announcement; (iv) in any other announcement to a Regulatory Information Service by, or on behalf of, Shire before the publication of this document; (v) in writing before the date of this document to Takeda or Takeda’s financial, accounting, tax or legal advisers (in their capacity as such); or (vi) as otherwise fairly disclosed to Takeda (or its respective officers, employees, agents or advisers) before the date of this document
“Disclosure Guidance and Transparency Rules”	the rules and regulations made by the Financial Conduct Authority in its capacity as the UKLA under the Financial Services and Markets Act 2000, and contained in the UKLA’s publication of the same name
“DRS”	the direct registration system administered by the DTC
“DTC”	the Depository Trust Company
“EEA”	the European Economic Area as at the date of this document
“Effective”	means the Scheme having become effective in accordance with its terms
“Effective Date”	the date on which the Scheme becomes Effective
“Election”	a Currency Election or a Securities Election, as the context requires
“Election Return Time”	6.00 p.m. (London time) on January 2, 2019 or (if later) 6.00 p.m. (London time) on the date falling two calendar days before the date on which the Scheme Record Time falls, being the latest time for lodging a Form of Election
“Equiniti”	Equiniti Limited, a limited liability company incorporated in England with registered number 06226088
“ESA Instruction”	has the meaning given to it in the CREST Manual
“EU”	the European Union
“EUCAN”	Europe and Canada
“EU Merger Regulation”	Council Regulation (EC) 139/2004 of January 20, 2004 on the control of concentrations between undertakings
“Euroclear”	Euroclear UK & Ireland Limited, incorporated in England with company number 02878738
“Evercore”	Evercore Partners International LLP
“Excluded Shares”	any Shire Shares: <ul style="list-style-type: none"> (i) registered in the name of, or beneficially owned by, Takeda or any member of the Takeda Group or their respective nominees;

	(ii) represented by Shire ADSs which are registered in the name of, or beneficially owned by, Takeda or any member of the Takeda Group or their respective nominees; or
	(iii) held in treasury by Shire
“Executive Director Retention Arrangements”	the retention arrangements which apply to the Shire Executive Directors, as described in paragraph 6.7 of Part II (Explanatory Statement) of this document
“FCA” or “Financial Conduct Authority”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000
“Fiduciary”	Equiniti Financial Services Limited, a limited liability company incorporated in England with registered number 06208699
“Forms of Election”	the WHITE Certificated Form of Election sent to Shire Shareholders (other than Restricted Shire Shareholders) who hold their Shire Shares in certificated form and the GREEN CREST Form of Election sent to Shire Shareholders (other than Restricted Shire Shareholders) who hold their Shire Shares in uncertificated form (that is, in CREST), and a “Form of Election” shall mean either such form of election as the context requires
“Forms of Proxy”	the BLUE Form of Proxy for use at the Court Meeting and the YELLOW Form of Proxy for use at the Shire General Meeting, which are being sent to Shire Shareholders, and accompany this document and a “Form of Proxy” shall mean either such form of proxy as the context requires
“Fractional Shares”	the maximum whole number of New Takeda Shares resulting from the aggregation of fractional entitlements to New Takeda Shares to which Shire Shareholders at the Scheme Record Time are entitled pursuant to the Scheme and the maximum whole number of New Takeda Shares which represent the aggregate of fractional entitlements to New Takeda ADSs to which Shire Shareholders at the Scheme Record Time are entitled pursuant to the Scheme
“Global Custodian”	Nomura Bank (Luxembourg) S.A.
“Goldman Sachs”	Goldman Sachs International
“HMRC”	HM Revenue and Customs in the United Kingdom
“IFRS”	International Financial Reporting Standards
“IRS”	Internal Revenue Service in the United States
“Japan”	Japan (<i>Nippon-koku</i>), its cities, prefectures, territories and possessions and all areas subject to its jurisdiction and any political sub-division thereof
“Japanese Companies Act”	the Japanese Companies Act (Act No. 86 2005) (<i>kaisha hou</i>)
“Japanese Listing Rules”	the Tokyo Stock Exchange Securities Listing Regulations
“JASDEC”	Japan Securities Depository Center, Inc.

“JASDEC Account”	a direct account with JASDEC or a securities account with one of the AMLs
“JASDEC Election”	an election by a Shire Shareholder to receive some or all of the New Takeda Shares which such Shire Shareholder is entitled to receive pursuant to the Scheme into a designated JASDEC Account
“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended from time to time
“J.P. Morgan”	JPMorgan Securities Japan Co., Ltd., together with its affiliate J.P. Morgan Cazenove
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)
“Latest Practicable Date”	with respect to the issued share capital of Takeda, the close of business on October 31, 2018, and otherwise, the close of business on November 7, 2018, being the latest practicable date before the publication of this document
“Listing Rules”	the rules and regulations made by the Financial Conduct Authority in its capacity as the UKLA under the Financial Services and Markets Act 2000, and contained in the UKLA's publication of the same name
“Local Japanese Stock Exchanges”	the Nagoya Stock Exchange, Fukuoka Stock Exchange and Sapporo Stock Exchange
“London Stock Exchange”	London Stock Exchange plc or its successor
“Long Stop Date”	May 8, 2019 or such later date as may be agreed in writing by Takeda and Shire (with the Panel's consent and as the Court may approve (if such approval(s) is or are required))
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse
“Master Framework and Custody Agreement”	the master framework and custody agreement described in paragraph 11 of Part II (Explanatory Statement) of this document
“Member State”	each of the 28 states of the EU as at the date of this document, as the context requires
“Morgan Stanley”	Morgan Stanley & Co. International plc
“NASDAQ”	the registered national securities exchange operated by the NASDAQ Stock Market LLC
“New Takeda ADSs”	the new Takeda ADSs to be delivered pursuant to the Scheme to Shire Shareholders at the Scheme Record Time who make a valid ADS Election to receive New Takeda ADSs (including any New Takeda ADSs underlying CDIs representing New Takeda ADSs)
“New Takeda Securities”	the New Takeda Shares, the New Takeda ADSs and/or the CDIs representing New Takeda ADSs (as the case may be) to be delivered to Shire Shareholders at the Scheme Record Time pursuant to the Scheme

“New Takeda Share Resolution”	the resolution to be tabled at the Takeda Extraordinary General Meeting in order to approve the issue of the New Takeda Shares
“New Takeda Shares”	the new Takeda Shares to be delivered to Shire Shareholders at the Scheme Record Time pursuant to the Scheme
“New York Stock Exchange” or “NYSE”	the New York Stock Exchange
“No Action Sub-Account”	a sub-account opened with the Fiduciary in the name of the Representative acting as bare trustee for Shire Shareholders (if any) who have made (or are deemed to have made) an invalid Securities Election or have failed to make a valid Securities Election in respect of some or all of their Shire Shares
“Nomura”	Nomura International plc
“Offer Period”	the Offer Period (as defined by the Takeover Code) relating to Shire, which commenced on March 28, 2018
“Official List”	the Official List maintained by the UKLA
“Opt-out Form”	the form which Shire Shareholders who hold Shire Shares in certificated form and have a registered address in the UK, Channel Islands or Isle of Man can request from Equiniti by calling the Shareholder Helpline in order to opt out of the Currency Conversion Facility
“Overseas Shareholders”	Shire Shareholders who are resident in, or nationals or citizens of, jurisdictions outside of Jersey and the United Kingdom or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than Jersey or the United Kingdom
“Panel”	the Panel on Takeovers and Mergers
“Permitted Dividend”	has the meaning given to it in paragraph 10.1 of Part II (Explanatory Statement) of this document
“PRC Anti-Monopoly Law”	the Anti-Monopoly Law of the People’s Republic of China
“Prudential Regulation Authority” or “PRA”	the Prudential Regulation Authority of the United Kingdom or its successor
“Receiving Agent”	Equiniti
“Registrar of Companies”	the registrar of companies in Jersey
“Regulatory Conditions”	means the Conditions set out in paragraphs 4(c) to 4(i) (inclusive) and 4(l) of Part A of Part IV (Conditions to, and further terms of, the implementation of the Scheme and the Acquisition) of this document (if and to the extent that, in the case of paragraphs 4(h), 4(i) and 4(l), the relevant “Third Party” under the Conditions is a Relevant Authority)
“Regulatory Information Service”	any of the services authorised by the FCA from time to time for the purpose of disseminating regulatory announcements
“Relevant Authority”	means any central bank, ministry, governmental, quasi-governmental (including the EU), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority,

	any sectoral ministry or regulator and any foreign investment review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any entity owned or controlled by them, any private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body in any jurisdiction
“Representative”	Shire or such other person as may be appointed by Shire in writing from time to time
“Restricted Jurisdiction”	any country or territory outside Jersey or the United Kingdom in respect of which Takeda is advised that the law of such country or territory: (i) precludes the allotment, issue and/or delivery of New Takeda Shares and/or New Takeda ADSs; (ii) precludes the allotment, issue and/or delivery of New Takeda Shares and/or New Takeda ADSs except after compliance by Shire or Takeda (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Shire and/or Takeda (as the case may be) is unable to comply or compliance with which Shire and/or Takeda (as the case may be) regards as unduly onerous; and/or (iii) may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Shire Shareholders in that jurisdiction
“Restricted Shire Shareholder”	a Shire Shareholder who is resident, located or has a registered address in a jurisdiction outside Jersey or the United Kingdom in respect of whom Takeda is advised that the law of a country or territory outside Jersey or the United Kingdom precludes: (i) the allotment, issue and/or delivery to that Shire Shareholder of New Takeda Shares and/or New Takeda ADSs in accordance with the Scheme; (ii) the provision to that Shire Shareholder of the right to make an Election; and/or (iii) either or both of the matters referred to in points (i) and/or (ii), except after compliance by Shire or Takeda (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Shire and/or Takeda (as the case may be) is unable to comply or compliance with which Shire and/or Takeda (as the case may be) regards as unduly onerous
“Rule 2.7 Announcement”	the joint announcement made by Shire and Takeda in relation to the Acquisition on May 8, 2018
“Sales Policy”	the sales policy set out in paragraph 22 of Part II (Explanatory Statement)
“Scheme”	the scheme of arrangement proposed to be made under Article 125 of the Jersey Companies Law between Shire and the Shire Shareholders to implement the acquisition of Shire by Takeda as set out in Part III (The Scheme of Arrangement) of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Shire and Takeda
“Scheme Document”	this document

“Scheme Effective Time”	the time and date at which the Scheme becomes Effective
“Scheme Record Time”	6.00 p.m. (London time) on the calendar day following the date of the Court Sanction Hearing
“Scheme Shareholder”	a holder of Scheme Shares
“Scheme Shares”	<p>the Shire Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document but before the Voting Record Time; and (iii) (if any) issued at, or after, the Voting Record Time and before the Scheme Record Time on terms that the original holder or any subsequent holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holder thereof shall have agreed in writing to be bound by the Scheme, <p>and in each case remaining in issue at the Scheme Record Time, but excluding any Excluded Shares</p>
“SEC”	the US Securities and Exchange Commission
“Securities Election”	a JASDEC Election, Corporate Nominee Election, ADS Election or Dealing Facility Election, as the context requires
“Settlement Account”	the JASDEC Account to be opened by the Global Custodian, on the instruction of the Fiduciary, for the purpose of entering into the record maintained by JASDEC the New Takeda Shares to be issued in connection with the Acquisition and, as relevant, the continued holding of New Takeda Shares in accordance with the Book-Entry Act
“Shareholder Helpline”	the Shareholder Helpline, details of which are included on page 4 of this document
“Shire”	Shire plc, a company incorporated in Jersey with registered number 99854
“Shire ADS”	an American Depositary Share issued under the Shire Deposit Agreement, such American Depositary Share representing three Shire Shares
“Shire ADS Holder”	a holder of Shire ADSs from time to time
“Shire Articles”	the articles of association of Shire, as amended from time to time
“Shire Board”	the Shire Directors collectively
“Shire Deposit Agreement”	the amended and restated deposit agreement, including the form of American Depositary Receipt for American Depositary Shares representing Shire Shares attached thereto, setting forth the terms of the Shire ADSs from time to time
“Shire Depositary”	Citibank, N.A., or the depositary from time to time for the Shire ADSs pursuant to the Shire Deposit Agreement
“Shire Directors”	the directors of Shire as at the date of this document or, where the context so requires, the directors of Shire from time to time

“Shire Executive Directors”	each of Dr Flemming Ornskov and Mr Thomas Dittrich
“Shire General Meeting”	the general meeting of Shire to be convened in connection with the Scheme, notice of which is set out in Part XIII (Notice of Shire General Meeting) of this document, for the purpose of considering and, if thought fit, approving the Special Resolution (with or without amendment) and any adjournment, postponement or reconvention thereof
“Shire Group”	Shire and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them
“Shire Meeting(s)”	the Court Meeting and/or the Shire General Meeting, as the case may be
“Shire Non-Executive Directors”	each of Susan Kilsby, Olivier Bohuon, Ian Clark, Gail Fosler, Steven Gillis, David Ginsburg, Sara Mathew and Albert Stroucken
“Shire Profit Forecasts”	the statements set out in paragraph 5.1 of Part I (Letter from the Chairman of Shire PLC) and paragraph 16.1 of Part VIII (Additional Information) which constitute profit forecasts for the purposes of Rule 28.1(a) of the Takeover Code
“Shire Registrar”	Shire’s registrar, Equiniti (Jersey) Limited, a limited liability company incorporated in Jersey with registered number 99609
“Shire Remuneration Committee”	the remuneration committee of Shire from time to time
“Shire Share Plans”	the Shire Long Term Incentive Plan 2015, the Shire Global Employee Stock Purchase Plan, the Shire Sharesave Scheme 2008, the Shire UK Sharesave Plan 2015, the Shire Irish Employee Stock Purchase Plan 2008, the Shire Irish Sharesave Plan 2015, the Shire Deferred Bonus Plan 2015, the Shire Portfolio Share Plan, the Baxalta Scheme and the deferred equity award in respect of 85,179 notional Shire Shares granted to A. Busch on March 1, 2018
“Shire Shareholder”	a holder of Shire Shares from time to time
“Shire Shares”	the existing unconditionally allotted or issued and fully paid ordinary shares of 5 pence each in the capital of Shire and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective (and excluding, for the avoidance of doubt, the Subscriber Ordinary Shares)
“Significant Interest”	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking
“Special Resolution”	the special resolution to be proposed by Shire at the Shire General Meeting in connection with, among other things, the approval of the Scheme and the alteration of the Shire Articles and such other matters as may be necessary to implement the Scheme and the delisting of the Shire Shares
“Subscriber Ordinary Shares”	two fully paid subscriber ordinary shares of £1 each in the capital of Shire

“Takeda”	Takeda Pharmaceutical Company Limited, a company incorporated in Japan and whose registered office is at 1-1 Doshomachi 4-chome, Chuo-ku, Osaka 540-8645, Japan
“Takeda ADR”	an American Depositary Receipt issued under the Takeda Deposit Agreement that evidences one or more Takeda ADSs
“Takeda ADS”	an American Depositary Share issued under the Takeda Deposit Agreement, such American Depositary Share representing 0.5 Takeda Shares
“Takeda Articles”	the articles of incorporation of Takeda, as amended from time to time
“Takeda Board”	the Takeda Directors collectively
“Takeda Deposit Agreement”	the deposit agreement, including the form of American Depositary Receipt for American Depositary Shares representing Takeda Shares attached thereto, setting forth the terms of the Takeda ADSs from time to time
“Takeda Depositary”	The Bank of New York Mellon, or the depositary from time to time for the Takeda ADSs pursuant to the Takeda Deposit Agreement
“Takeda Director Appointment Resolutions”	the resolutions to be tabled at the Takeda Extraordinary General Meeting in order to appoint three current Shire Directors (Olivier Bohuon, Ian Clark and Steven Gillis) as new Takeda Directors with effect from the Effective Date
“Takeda Directors”	the directors of Takeda as at the date of this document or, where the context so requires, the directors of Takeda from time to time
“Takeda Extraordinary General Meeting”	the extraordinary general meeting of Takeda to be convened in connection with the Acquisition, notice of which has been sent out in the Takeda Shareholder Documents, for the purpose of considering and, if thought fit, approving the Takeda Resolutions (with or without amendment) and any adjournment, postponement or reconvention thereof
“Takeda Group”	Takeda and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them
“Takeda Profit Forecast”	the statements set out in paragraph 5.2(a) to paragraph 5.2(c) of Part I (Letter from the Chairman of Shire PLC) and paragraph 16.2 of Part VIII (Additional Information) which constitute a profit forecast for the purposes of Rule 28.1(a) of the Takeover Code
“Takeda Resolutions”	the New Takeda Share Resolution and the Takeda Director Appointment Resolutions
“Takeda Shareholder”	a holder of Takeda Shares from time to time
“Takeda Shareholder Documents”	the convocation of meeting relating to the issue of New Takeda Shares and appointment of three current Shire Directors as new Takeda Directors to be sent to the Takeda Shareholders and made available to Shire Shareholders and containing, among other things, the notice convening the Takeda Extraordinary General Meeting and information on Takeda, the Combined Group and the New Takeda Securities

“Takeda Shares”	the shares of common stock with no par value in the capital of Takeda
“Takeda Voting Record Date”	October 19, 2018 or such other date as may be notified by Takeda to Takeda Shareholders in respect of the Takeda Extraordinary Shareholder Meeting from time to time
“Takeover Code”	the City Code on Takeovers and Mergers issued by the Panel, as amended from time to time
“Takeover Offer”	if, subject to the consent of the Panel and the terms of the Co-operation Agreement, the Acquisition is implemented by way of a takeover offer as defined in Article 116 of the Jersey Companies Law, the offer to be made by or on behalf of Takeda to acquire the entire issued and to be issued ordinary share capital of Shire and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
“Third Party”	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other body or person whatsoever in any jurisdiction
“Tokyo Stock Exchange”	Tokyo Stock Exchange, Inc.
“TTE Instruction”	a transfer to escrow instruction as defined in the CREST Manual
“TTE Instruction Return Time”	6.00 p.m. (London time) on January 4, 2019 or (if later) the Scheme Record Time, being the latest time for making a TTE Instruction
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the UK Listing Authority, being the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“uncertificated” or “in uncertificated form”	recorded on the relevant register of members as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political subdivision thereof
“US ADS Holders”	Shire ADS Holders ordinarily resident in the United States or with a registered address in the United States
“US Exchange Act”	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“US GAAP”	Generally Accepted Accounting Principles (United States)
“US Securities Act”	the United States Securities Act of 1933, and the rules and regulations promulgated thereunder

“US Shareholders”	Shire Shareholders ordinarily resident in the United States or with a registered address in the United States, and any custodian, nominee or trustee holding Shire Shares for persons in the United States or with an address in the United States
“Voting Record Time”	6.30 p.m. (London time) on the day which is two calendar days before the date of the Shire Meetings or, if the Court Meeting and/or the Shire General Meeting is or are adjourned, 6.30 p.m. (London time) on the date falling two calendar days before the date appointed for such adjourned Shire Meeting (as the case may be)
“Wider Shire Group”	Shire and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Shire and/or such subsidiaries or undertakings (aggregating their interests) have a Significant Interest
“Wider Takeda Group”	Takeda and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Takeda and/or such subsidiaries or undertakings (aggregating their interests) have a Significant Interest

For the purposes of this document:

- **“subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking”** have the respective meanings given thereto by the UK Companies Act 2006 (as amended from time to time);
- all references to **“pounds”, “pounds Sterling”, “Sterling”, “GBP”, “£”, “pence”, “penny” and “p”** are to the lawful currency of the United Kingdom;
- all references to **“JPY”, “JP¥”, “¥” and “Japanese Yen”** are to the lawful currency of Japan;
- all references to **“US\$”, “\$”, “USD” and “US Dollars”** are to the lawful currency of the United States;
- all references to **“EUR”** are to the lawful currency of the lawful currency of the member states of the EU that have adopted the single currency from time to time
- all references to **“CHF”** are to the lawful currency of Switzerland; and
- all times are references to London times unless otherwise stated.

PART XII

NOTICE OF COURT MEETING

IN THE ROYAL COURT OF JERSEY
SAMEDI DIVISION

File No. 2018/276

IN THE MATTER OF
SHIRE PLC

and

IN THE MATTER OF
ARTICLE 125 OF THE COMPANIES (JERSEY) LAW 1991

NOTICE IS HEREBY GIVEN that by an Act of Court dated November 5, 2018, made in the above matters, the Court has directed a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders as at the Voting Record Time (each as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made pursuant to Article 125 of the Companies (Jersey) Law 1991 (as amended) (the “**Companies Law**”) between Shire plc (the “**Company**”) and the Scheme Shareholders as at the Scheme Record Time, and that such Court Meeting shall be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland on December 5, 2018 at 11.15 a.m. (London time), at which place and time all Scheme Shareholders are requested to attend either in person or by proxy.

A copy of the Scheme of Arrangement and of the explanatory statement required to be furnished pursuant to Article 126 of the Companies Law is incorporated in the document of which this Notice forms part (the “**Circular**”).

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine.

Right to Appoint a Proxy; Procedure for Appointment

Scheme Shareholders entitled to attend, speak and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies to attend, speak and vote in their stead at the Court Meeting.

A BLUE Form of Proxy for use in connection with the Court Meeting is enclosed with this Notice. Instructions for its use are set out on the form. It is requested that the BLUE Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to Equiniti (Jersey) Limited, c/o Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, by post or (during normal business hours only) by hand, to be received not later than 11.15 a.m. (London time) on December 3, 2018 or, in the case of an adjournment of the Court Meeting, not later than 48 hours before the time appointed for the adjourned meeting. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience. However, if not so lodged, BLUE Forms of Proxy (together with any such authority, if applicable) may be handed to Equiniti or the Chairman of the Court Meeting before the start of the Court Meeting.

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares (as defined in the Scheme of Arrangement) held. Scheme Shareholders are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to a different Scheme Share held. A space has been included in the BLUE Form of Proxy to allow Scheme Shareholders to specify the number of Scheme Shares in respect of which that proxy is appointed.

Scheme Shareholders who return the BLUE Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their Scheme Shares. A proxy need not be a member of the Company, but they must attend the Court Meeting to represent you.

If you wish to appoint more than one proxy, photocopy the BLUE Form of Proxy or request additional forms by calling Equiniti on 0330 123 5506 (if calling from within the UK) or on +44 (0)121 415 0856 (if calling from outside the UK) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate.

Scheme Shareholders entitled to attend and vote at the Court Meeting may also appoint a proxy electronically through the www.sharevote.co.uk service. Full details of the procedure to be followed to appoint a proxy electronically are given on the website. Scheme Shareholders should note that they may not appoint more than one proxy in respect of their shareholding through the www.sharevote.co.uk service, and if they wish to appoint more than one proxy, they should request additional BLUE Forms of Proxy from Equiniti through the relevant phone number above. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 11.15 a.m. (London time) on December 3, 2018 (or, if the Court Meeting is adjourned, not later than 48 hours before the time appointed for any adjourned meeting).

Members who hold their shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. Further details concerning these procedures are set out on pages 5 to 9 of the Circular. For an electronic proxy appointment to be valid, the appointment must be received by Equiniti no later than 11.15 a.m. (London time) on December 3, 2018 (or, if the Court Meeting is adjourned, not later than 48 hours before the time appointed for any adjourned meeting).

Completion and return of the BLUE Form of Proxy, or the appointment of a proxy through CREST or electronically through the www.sharevote.co.uk service, shall not prevent an eligible Scheme Shareholder from attending and voting in person at the Court Meeting or any adjournment thereof.

In respect of proxies submitted using the CREST electronic proxy appointment service or the www.sharevote.co.uk service, the time of receipt will be taken to be the time from which Equiniti is able to receive the message by enquiry to CREST or the www.sharevote.co.uk service.

Voting Record Time

Entitlement to attend, speak and vote at the Court Meeting or any adjournment thereof and the number of votes which may be cast thereat shall be determined by reference to the register of members of the Company as at 6.30 p.m. (London time) on December 3, 2018 or, if the Court Meeting is adjourned, the register of members of the Company as at 6.30 p.m. (London time) on the date falling two calendar days before the date appointed for such adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

Joint holders

In the case of joint holders of Scheme Shares at the Voting Record Time, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Corporate representatives

As an alternative to appointing a proxy, any Scheme Shareholder as at the Voting Record Time which is a body corporate may appoint one or more corporate representatives who may exercise on its behalf

all its powers as a member provided that no more than one corporate representative exercises powers over the same Scheme Share.

Nominated persons

Any person to whom this Notice is sent who is a person nominated to enjoy information rights in accordance with Article 59 of the Company's Articles of Association (a "**nominated person**") does not, in that capacity, have a right to appoint a proxy, such right only being exercisable by shareholders of the Company. However, nominated persons may, under agreement with the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the Court Meeting.

American Depositary Shares

Holders of American Depositary Shares ("**ADSs**"), as issued under the amended and restated deposit agreement dated as of May 23, 2011 by and among the Company, Citibank, N.A. (the "**Shire Depositary**"), and all holders and beneficial owners of ADSs from time to time (the "**Shire Deposit Agreement**"), as at 5.00 p.m. (New York time) on November 7, 2018 may provide their voting instructions to the Shire Depositary via the internet, by telephone or by sending in a completed ADS voting instruction card, in each case in accordance with the instructions included on such ADS voting instruction card. In each case, voting instructions must be received by the Shire Depositary no later than 10.00 a.m. (New York time) on November 29, 2018 (or, if the Court Meeting is adjourned, such later date as may be notified by the Shire Depositary, having consulted with the Company).

If the Shire Depositary does not receive voting instructions from a holder of ADSs by that time, such holder of ADSs shall not be deemed to have instructed the Shire Depositary to give a person designated by Shire a discretionary proxy to vote the ordinary shares of the Company represented by the ADSs in respect of which the Shire Depositary has not received voting instructions. Accordingly, the ordinary shares of the Company represented by the ADSs in respect of which the Shire Depositary has not received voting instructions will not be represented at the Court Meeting and will not be voted at the Court Meeting.

By the said Act of Court, the Court has appointed Susan Kilsby or, failing her, any director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement shall be subject to the subsequent sanction of the Court.

Dated November 12, 2018

Mourant Ozannes

22 Grenville Street

St Helier

Jersey

JE4 8PX

Channel Islands

Advocates and Solicitors for the Company

PART XIII

NOTICE OF SHIRE GENERAL MEETING

NOTICE OF GENERAL MEETING OF

SHIRE PLC

(the “Company”)

(Registered in Jersey with registered number 99854)

NOTICE IS HEREBY GIVEN that a GENERAL MEETING of the Company shall be held at Block 3, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Ireland on December 5, 2018 at 11.30 a.m. (London time) (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have concluded or been adjourned) (the “**General Meeting**”) for the purpose of considering and, if thought fit, passing the following resolution, which shall be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

- (a) for the purpose of giving effect to the scheme of arrangement dated November 12, 2018 (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof, in its original form in the document sent to shareholders of the Company dated November 12, 2018 or subject to any modification, addition or condition agreed between the Company and Takeda Pharmaceutical Company Limited (“**Takeda**”) and approved or imposed by the Royal Court of Jersey (the “**Court**”), the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
- (b) with effect from the passing of this resolution, the Articles of Association of the Company be amended by the adoption and inclusion of the following new Article 154:

“154. Scheme of Arrangement

- (A) In this Article, the “**Scheme**” means the scheme of arrangement dated November 12, 2018 between the Company and the Scheme Shareholders (as defined in the Scheme) under Article 125 of the Companies Laws in its original form or with or subject to any modification, addition or condition approved or imposed by the Royal Court of Jersey and agreed by the Company and Takeda Pharmaceutical Company Limited (“**Takeda**”) and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.
- (B) Notwithstanding any other provision of these Articles or the terms of any resolution, whether ordinary or special, passed by the Company in any general meeting, if the Company issues any shares (other than to Takeda, any member of the Takeda Group or their respective nominee(s)) at any time on or after the adoption of this Article and at or before the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.
- (C) Notwithstanding any other provision of these Articles and, subject to the Scheme becoming effective, if any shares are issued to any person (a “**New Member**”) (other than under the Scheme or to Takeda, any member of the Takeda Group or their respective nominee(s)) at any time after the Scheme Record Time (the “**Post-Scheme Shares**”), they

shall, on the Scheme Effective Date, or, if later, on issue, be immediately transferred to Takeda (or as it may direct) in consideration for (subject as hereinafter provided) the payment to the New Member of the Relevant Consideration (as defined in Article 154(E) below).

- (D) On any reorganisation of, or material alteration to, the share capital of either the Company or Takeda (including, without limitation, any subdivision or consolidation) carried out after the Scheme Effective Date, the value of the Relevant Consideration shall be adjusted by the directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alternation. References in this Article to shares shall, following such adjustment, be construed accordingly.
- (E) In this Article, "**Relevant Consideration**" means a cash payment in pounds Sterling equal to the value of 0.839 New Takeda Shares and 30.33 US Dollars (or such greater or lesser number of New Takeda Shares and amount as may be due under the Scheme if modified in accordance with its terms) for each Post-Scheme Share as the relevant New Member would have been entitled to pursuant to the Scheme had each Post-Scheme Share been a Scheme Share (as defined in the Scheme). The cash value of the New Takeda Shares for the purposes of this Article shall be calculated based on the mid-market quotation at the close of business of the Tokyo Stock Exchange on the date of the issue of the Post-Scheme Shares. Values shall, where required, be converted to pounds Sterling at the closing rate for the relevant date of issue of the Post-Scheme Shares from Bloomberg.
- (F) To give effect to any transfer of Post-Scheme Shares, the Company may appoint any person as attorney (under the Powers of Attorney (Jersey) Law 1995, and on the basis that any such appointment shall be irrevocable for a period of one year from the date upon which such New Member is issued the Post-Scheme Shares for that New Member) or agent for the New Member to transfer the Post-Scheme Shares to Takeda and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Post-Scheme Shares in Takeda or its nominee(s) and, pending such vesting, to exercise all such rights attaching to the Post-Scheme Shares as Takeda may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of Takeda) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by Takeda. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer on behalf of the New Member in favour of Takeda and/or its nominee(s) and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register Takeda and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. Takeda shall, subject to paragraph (C) of this Article, pay (or procure the payment of) the Relevant Consideration per Post-Scheme Share as soon as practicable and in any event within 45 Business Days (as defined in the Scheme) of the issue of the Post-Scheme Shares to the New Member.
- (G) This Article shall cease to be effective if the Scheme shall not have become effective on or before 8 May 2019 (or such later date, if any, as Takeda and the Company may agree and the Court and the Panel may allow).
- (H) Notwithstanding any other provision of these Articles, both the Company and the directors may refuse to register the transfer of any shares between the Scheme Record Time and the Scheme Effective Date.
- (I) No amounts of cash less than one penny shall be paid to any New Member pursuant to this Article and the aggregate amount of cash to which a New Member would otherwise have become entitled shall be rounded down to the nearest whole penny."; and

- (c) conditional upon and with effect from the sanctioning of the Scheme by the Court, the Company, or such other person as may be appointed by the Company, be appointed as agent of the Scheme Shareholders (as defined in the Scheme) for the purposes of undertaking and carrying into effect, and is hereby irrevocably authorised to undertake and carry into effect, any and all such steps, actions, matters and procedures as may, in the opinion of the agent, be considered necessary, desirable or appropriate pursuant to Japanese law (including, in particular, under Articles 203 and 204 of the Japanese Companies Act (Act No. 86 2005) (*kaisha hou*)) in connection with the allotment, issue and settlement of the New Takeda Shares pursuant to the Scheme.

By order of the Board

Susan Kilsby
Chairman

Registered office
22 Grenville Street
St Helier
Jersey
JE4 8PX
Channel Islands

November 12, 2018

Notes

Right to Appoint a Proxy; Procedure for Appointment

1. Members of the Company entitled to attend and vote at the General Meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the General Meeting. A proxy need not be a member of the Company but must attend the meeting to represent that member.
2. A YELLOW Form of Proxy for use at the General Meeting is enclosed with this notice. Instructions for its use are set out on the form. To be valid, the YELLOW Form of Proxy, and any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of any such power or authority) must be returned to Equiniti (Jersey) Limited, c/o Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom by post or (during normal business hours only) by hand not later than 11.30 a.m. (London time) on December 3, 2018 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time appointed for the adjourned meeting. A pre-paid envelope, for use in the United Kingdom only, is enclosed for your convenience.
3. A member may appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A space has been included in the YELLOW Form of Proxy to allow members to specify the number of shares in respect of which that proxy is appointed. Members of the Company who return the YELLOW Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their shares. If you wish to appoint more than one proxy, photocopy the YELLOW Form of Proxy or request additional forms by calling Equiniti on 0330 123 5506 (if calling from within the UK) or on +44 (0)121 415 0856 (if calling from outside the UK) between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. If two or more valid but differing proxy appointments are received in respect of the same share for use at the General Meeting or on the same poll, the one which is last received (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the others as regards that share and if the Company is unable to determine which was last deposited, none of them shall be treated as valid in respect of that share.
4. Members of the Company entitled to vote at the General Meeting may also appoint a proxy electronically through the www.sharevote.co.uk service by not later than 11.30 a.m. (London time) on December 3, 2018 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time appointed for the adjourned meeting. Full details of the procedure to be followed to appoint a proxy electronically are given on the website. Members of the Company should note that they may not appoint more than one proxy in respect of their shareholding through the www.sharevote.co.uk service, and if they wish to appoint more than one proxy, they should photocopy the YELLOW Form of Proxy or request additional YELLOW Forms of Proxy from Equiniti through the relevant phone number above.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment of the General Meeting) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID 7RA01) by 11.30 a.m. (London time) on December 3, 2018 or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time appointed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him by other means. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended from time to time). CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
6. **Completion and return of the YELLOW Form of Proxy, or the appointment of a proxy through CREST or electronically through the www.sharevote.co.uk service, shall not prevent an eligible member of the Company from attending and voting in person at the General Meeting or any adjournment thereof.**

Voting Record Time

7. Entitlement to attend, speak and vote at the General Meeting or any adjournment thereof, and the number of votes which may be cast at the General Meeting, will be determined by reference to the Company’s register of members at 6.30 p.m. (London time) on December 3, 2018 or, if the General Meeting is adjourned, 6.30 p.m. (London time) on the date falling two calendar days before the date appointed for the adjourned meeting. In each case, changes to the register of members after such time will be disregarded.

Joint holders

8. In the case of joint members, where more than one of the joint members purports to appoint a proxy or to vote in person on the same poll, only the appointment or vote submitted by the most senior member will be accepted. Seniority is determined by the order in which the names of the joint members appear in the Company’s register of members in respect of the joint shareholding (the first named being the most senior).

Corporate representatives

9. Any body corporate which is a member may, by resolution of its directors or other body corporate, appoint any person as it thinks fit to act as its representative who shall be entitled to exercise the same powers on behalf of the corporation which he represents as that body corporate could exercise if it were an individual member present at the General Meeting in person.

Nominated Persons

10. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to enjoy information rights in accordance with article 59 of the Company’s articles of Association (a “**nominated person**”). A nominated person may have a right under an agreement between him/her and the member by whom he/she was nominated to be appointed, or to have someone else appointed, as a proxy for the General Meeting. If a nominated person does not have such a right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
11. The statement of the rights of members in relation to the appointment of proxies in Notes 1 to 5 above does not apply to nominated persons. The rights described in these paragraphs can only be exercised by members of the Company. Nominated persons are reminded that they should contact the registered shareholder (and not the Company) on matters relating to the Company’s shares.

General

12. The total number of issued ordinary shares in the Company as at the close of business on November 7, 2018, being the latest practicable date before the publication of this document is 922,946,619, carrying one vote each on a poll.

As at the close of business of November 7, 2018, the Company holds 7,357,283 shares in treasury. Therefore, the total number of voting rights in the Company as at close of business on November 7, 2018 is 915,589,336.

13. To facilitate entry to the General Meeting, members are requested to bring with them the admission card which is attached to the proxy card.
14. Members should note that the doors to the General Meeting will be open at 10.30 a.m.
15. Mobile phones may not be used in the General Meeting hall, and cameras and recording equipment are not allowed in the General Meeting hall.
16. Any person permitted to speak at the General Meeting has the right to ask questions relevant to the business of the General Meeting. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
17. A copy of this notice and other information required by section 311A of the UK Companies Act 2006 can be found at www.shire.com.
18. All resolutions to be put to the General Meeting will be voted on by a poll and not by a show of hands. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the General Meeting. The results of the poll will be published on the Company's website and notified to the UK Listing Authority once the votes have been counted and verified.
19. Copies of the Company's existing Articles of Association and copies of the Articles of Association as proposed to be amended by the special resolution set out in this notice are available for inspection at Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom, and at the Company's registered office at 22 Grenville Street, St Helier, Jersey JE4 8PX, Channel Islands until the opening of business on the day on which the General Meeting is held and will also be available for inspection at the place of the General Meeting for at least 15 minutes before the General Meeting.
20. Except as provided above, shareholders who have general queries about the General Meeting should use the following means of communication (no other methods of communication will be accepted); (i) contact Equiniti in writing at Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom; or (ii) telephone the shareholder helpline on 0330 123 5506 (if calling from within the UK) or on +44 (0)121 415 0856 (if calling from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones. The helpline is open between 8.30 a.m. to 5.30 p.m. (London time), Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. Members may not use any electronic address provided in either this notice of General Meeting or any related documents (including the enclosed Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

American Depositary Shares

21. If: (i) as at 5.00 p.m. (New York time) on November 7, 2018, you hold American Depositary Shares ("**ADSs**") issued under the amended and restated deposit agreement dated as of May 23, 2011 by and among the Company, Citibank, N.A. (the "**Shire Depository**"), and all holders and beneficial owners of ADSs from time to time (the "**Shire Deposit Agreement**"); and (ii) you want the Shire Depository to vote the ordinary shares in the Company represented by your ADSs at the General Meeting, you may provide your voting instructions to the Shire Depository via the internet, by telephone or by sending in a completed ADS voting instruction card, in each case in accordance with the instructions included on such ADS voting instruction card. In each case, voting instructions must be received by the Shire Depository no later than 10.00 a.m. (New York time) on November 29, 2018 or, if the General Meeting is adjourned, such later date as may be notified by the Shire Depository, having consulted with the Company.
22. If the Shire Depository does not receive voting instructions by this time, you will: (i) subject to the terms of the Deposit Agreement, be deemed to have instructed the Shire Depository to give a person designated by the Company a discretionary proxy to vote the ordinary shares in the Company represented by your ADS; and (ii) be required, in accordance with DTR 5 of the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules, to notify the Company of your holdings in ADS if the percentage of your voting rights falls below a notifiable threshold as a result of a person designated by the Company having been so appointed.
23. In the event that a person designated by the Company is given such discretionary proxy, it is the intention of the board of directors of the Company to direct such person to exercise such votes in line with the voting recommendation of the board for the resolution to be proposed at the General Meeting.

APPENDIX I

RISK FACTORS

Any holding of New Takeda Securities is subject to a number of risks and uncertainties. This Appendix I has been prepared by the Takeda Directors to inform Shire Shareholders and Shire ADS Holders of the key risks and uncertainties associated with the New Takeda Securities and the Combined Group's business, strategy and the industry in which it will operate. Before making an Election to receive New Takeda Securities, Shire Shareholders and Shire ADS Holders should carefully consider the factors, risks and uncertainties associated with any such holding, the Combined Group's business, strategy and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below.

The following is not an exhaustive list or explanation of all risks that prospective holders of New Takeda Securities may face and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Combined Group's business, prospects, financial condition and/or results of operations. Additional risks and uncertainties relating to the Combined Group that are not currently known to Shire or Takeda, or that Shire and Takeda currently deem immaterial, may individually or cumulatively also have a material adverse impact on the Combined Group's business, prospects, financial condition and/or results of operations and, if any such risk should materialise, the price of New Takeda Securities may decline and holders could lose all or part of their holding. Shire Shareholders and Shire ADS Holders should carefully consider whether a holding in New Takeda Securities is suitable for them in the light of the information in this document and their personal circumstances.

1. Risks relating to the Combined Group

1.1 The Combined Group may fail to realise the anticipated benefits of the Acquisition.

The ultimate success of the Acquisition depends on the Combined Group's ability to realise the anticipated growth opportunities and synergies leading to cost savings Takeda expects from combining the businesses. Even following the completion of the Acquisition, it will be necessary for the Combined Group to devote significant time and resources to the reorganisation of its personnel structure, enhancement of cost-efficiency and the strengthening of management and operational functions in order to realise the anticipated synergies from the integration of Takeda's and Shire's businesses. Takeda expects to incur non-recurring cash costs totalling approximately \$2.4 billion in connection with the integration of Shire in the first three fiscal years following the completion of the Acquisition. The expected synergies and the projected cash costs necessary to achieve them may be affected by changes in the overall economic, political and regulatory environment, including applicable tax regimes and fluctuations in foreign exchange rates, and the realisation of the other risks relating to the Combined Group's business described herein. Furthermore, the integration process may divert management's attention from other strategic opportunities and the day-to-day operation of the Combined Group's business. If the Combined Group is not able to successfully manage the integration process and create a unified business culture, the anticipated benefits of the Acquisition and subsequent integration may not be realised fully or at all or may take longer or prove more costly to realise than expected.

The Combined Group may face significant challenges in integrating the organisations, business cultures, procedures and operations of Takeda and Shire, including:

- integrating personnel, operations and systems, while maintaining focus on selling and promoting existing and newly acquired or produced products;
- co-ordinating and integrating geographically dispersed organisations;
- changes or conflicts in corporate culture;

- the need to manage, train and integrate Shire's and Takeda's personnel, who may respectively have limited experience with Takeda's and Shire's business lines and products, and to retain existing Shire and Takeda employees, particularly highly-skilled or other key employees and senior members of the Takeda's and Shire's respective management teams;
- maintaining and growing Shire's and Takeda's customer base;
- incremental tax exposure based on the differences in Takeda's corporate structure and Shire's;
- maintaining business relationships with suppliers, third-party alliance partners and other key counterparties; and
- inefficiencies associated with the integration and management of the operations of the two companies.

Furthermore, in connection with the Acquisition, Takeda expects to record significant amounts of goodwill and intangible assets. If Takeda is unable to achieve the anticipated benefits of the Acquisition, the Combined Group could be required to recognise significant impairment losses related to such goodwill and intangible assets, potentially up to their full value. Additionally, because Takeda intends to issue a significant number of additional Takeda Shares as part of the Consideration for the Acquisition, a failure to achieve the anticipated benefits of the Acquisition could negatively affect the Combined Group's earnings per share.

1.2 *Takeda has substantial debt, and expects to incur significant additional debt in connection with the Acquisition, which may limit the Combined Group's ability to execute its business strategy, refinance existing debt or incur new debt, and if Takeda is unable to meet its goals for deleveraging after the Acquisition, the Combined Group could be at a greater risk of a downgrade of its credit ratings.*

The principal value of Takeda's consolidated bonds and loans was approximately ¥985.7 billion as of March 31, 2018. In connection with the Acquisition, on May 8, 2018, Takeda entered into a Bridge Credit Agreement, with aggregate commitments of \$30.85 billion, to finance a portion of the funds required for the Acquisition. Subsequently, on June 8, 2018, Takeda entered into a Term Loan Credit Agreement (the "**Term Loan Credit Agreement**") with aggregate commitments of \$7.5 billion, and reduced commitments under the Bridge Credit Agreement by the same amount. On October 26, 2018, Takeda entered into a senior short-term loan facility agreement (the "**Senior Short-Term Loan Facility Agreement**"), with aggregate commitments of ¥500 billion; this further reduced the commitments under the Bridge Credit Agreement by \$4.5 billion. On November 8, 2018, Takeda launched the offering of its unsecured EUR denominated senior notes (the "**Bond Offering**"), the proceeds of which will be used to fund part of the cash portion of the Consideration payable to Shire Shareholders in connection with the Acquisition. The commitments under the Bridge Credit Agreement will be reduced by reference to the amount of the proceeds of the Bond Offering. Takeda expects to draw down on the commitments to the Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement and (subject to any additional refinancing) the Bridge Credit Agreement at the time of the completion of the Acquisition. Furthermore, following the completion of the Acquisition, Takeda may refinance all or a portion of the amounts borrowed under the Senior Short-Term Loan Facility Agreement pursuant to the subordinated loan agreement entered into on October 26, 2018 (the "**Subordinated Loan Agreement**"), with aggregate commitments of ¥500 billion, subject to Takeda's ability to obtain alternative financing. Moreover, subject to any potential refinancing (if any), following the Acquisition, Shire's consolidated borrowings and capital leases, which totalled \$19.5 billion as of December 31, 2017, would be included in the Combined Group's consolidated balance sheet. This significant amount of aggregate debt and the substantial amount of cash required for payments of interest and principal could adversely affect the Combined Group's liquidity. Furthermore, Takeda is required to comply with certain covenants within various

financing arrangements and violations of such covenants may require the acceleration and immediate repayment of the indebtedness, which may in turn have a material adverse effect on Takeda's financial condition.

Takeda may desire to or be required from time to time to incur additional borrowings, including refinancing any of the Bridge Credit Agreement, the Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement or any other indebtedness to be incurred in connection with the Acquisition and settlement of Shire's existing indebtedness. In particular, any amounts borrowed under the Bridge Credit Agreement will mature at the latest 364 calendar days following the date of funding (in the case of tranche 4 thereto, which is currently the subject of an aggregate of \$3.5 billion of lending commitments, 90 calendar days following such date), requiring Takeda to repay, whether by cash on hand or from other sources, such as disposals, or to refinance such borrowings soon after they are incurred. Takeda may also be unsuccessful in pursuing a refinancing alternative to the Senior Short-Term Loan Facility Agreement other than the Subordinated Loan Agreement. Takeda's ability to arrange a refinancing will depend on the Combined Group's financial position and performance, prevailing market conditions and other factors beyond the Combined Group's control.

Takeda aims to decrease its leverage following the Acquisition, with a target ratio of net debt to Adjusted EBITDA of 2.0x or less within three to five years following completion of the Acquisition, and is considering selected disposals of non-core assets to increase the pace of deleveraging. However, Takeda may not be able to meet these goals if it is unable to sufficiently decrease its overall indebtedness, or if it is unable to achieve sufficient increases in earnings to offset its increased levels of debt. Takeda may also not be successful in selecting non-core assets for disposal, and disposals may affect its business, financial condition or results of operations adversely, leading to larger-than-expected decreases in earnings. Takeda may also not be able to dispose of such assets successfully in a manner that allows Takeda to meet its goals or at all. If Takeda is unable to decrease its leverage, Takeda may be subject to additional ratings actions by third-party ratings agencies. For example, in May 2018, Moody's (Japan) K.K. lowered Takeda's credit rating to A2 from A1, reflecting its expectations for Takeda's overall levels of leverage in the future, even in the absence of the Acquisition. In addition, in May 2018, Standard & Poor's Global Ratings announced that it was reviewing Takeda's credit ratings with a view to a potential downgrade due to Takeda's decision to acquire Shire. Any future downgrades may negatively influence the terms for the refinancing of Takeda's existing debt or new borrowings on terms that Takeda would consider commercially reasonable.

1.3 *The unaudited pro forma condensed combined financial data presented herein is not necessarily representative of the Combined Group's actual or future financial performance.*

The unaudited pro forma condensed combined balance sheet and statement of income as of and for the fiscal year ended March 31, 2018 included in this document have been prepared for illustrative purposes only, and show the effect of:

- the Acquisition;
- the financing obtained by Takeda to fund the cash portion of the Consideration; and
- the issue of New Takeda Shares to Shire Shareholders at the Scheme Record Time, including shares represented by New Takeda ADSs.

The unaudited pro forma condensed combined balance sheet reflects these transactions as if they had occurred on March 31, 2018, while the unaudited pro forma condensed combined statement of income reflects these transactions as if they had occurred on April 1, 2017.

The unaudited pro forma condensed combined financial information has been derived from the audited historical financial statements of Takeda and Shire, and certain adjustments and assumptions have been made regarding the Combined Group after giving effect to the

Acquisition. The amount of consideration to be recorded on Takeda's financial statements will vary based on the exchange rate at the date of the completion of the Acquisition and the value of Takeda and Shire's respective shares. The terms and conditions of the financing that will be used to fund the Acquisition, including the amount of debt Takeda actually incurs, have not been finally determined and are subject to change. The unaudited pro forma condensed combined financial information gives effect to borrowings under the Bridge Credit Agreement (as reduced to date), the Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement and an assumed amount of senior notes reflecting the total amount of the EUR Senior Notes combined with the Potential Future USD Notes and does not give effect to any potential refinancing of the Senior Short-Term Loan Facility Agreement pursuant to the Subordinated Loan Agreement following the completion of the Acquisition or any other potential future financing transactions. The unaudited pro forma condensed combined financial information does not include, among other things, adjustments relating to costs expected to be incurred in relation to restructuring or integration activities, estimated synergies, the effect of any further refinancing of commitments under the Bridge Credit Agreement, Term Loan Credit Agreement, the Senior Short-Term Loan Facility Agreement or existing indebtedness of either of Takeda or Shire or other potential items that are currently not factually supportable and, in the case of the unaudited pro forma condensed combined statement of income, expected to have a continued impact on Takeda's results following the completion of the Acquisition. Certain assets and liabilities of Shire have been measured at fair value based on preliminary estimates using assumptions that Takeda believes are reasonable, utilising information currently available. The process for estimating the fair value of acquired assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates. These estimates may be revised and may include additional assets acquired or liabilities assumed as additional information becomes available and as additional analyses are performed. Differences between preliminary estimates in the unaudited pro forma condensed combined financial information and the final acquisition accounting may occur and could be material.

In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial information may not prove to be accurate. Such assumptions can be adversely affected by known or unknown facts, risks and uncertainties, many of which are beyond Takeda's and/or Shire's control. Other factors may also affect the Combined Group's financial condition or results of operations following the completion of the Acquisition. In addition, following the completion of the Acquisition, the financial position and results of operations of Shire, which are reported under US GAAP, will be converted to IFRS for inclusion in Takeda's consolidated financial position and results of operations, which are reported under IFRS. The unaudited pro forma condensed combined financial information presents the effect of such conversion based on the information available to Takeda as of the date hereof. Takeda expects further information to become available to it after the completion of the Acquisition, and the adjustments actually made to convert Shire's financial information to IFRS may vary in material ways from the assumptions made in the unaudited pro forma condensed combined financial information contained in this document.

1.4 *Takeda will be subject to additional risks arising from the acquired businesses of Shire and from the legal, regulatory and tax regimes that Shire operates under.*

Following the completion of the Acquisition, Takeda will assume the risks related to Shire's businesses, which differ from, or will amplify, certain risks Takeda currently faces. For example, markets outside Japan, particularly the United States, represent a larger portion of Shire's business than Takeda's, and Takeda therefore expects its overall exposure to these markets to increase following the completion of the Acquisition. As with Takeda's products, Shire's products are subject to competition from generic or other competing products, and the successful introduction of such competitors or the invalidation of patent protections over Shire's products could materially and adversely affect the products acquired. Additionally, Shire operates in certain businesses that Takeda currently does not, including rare diseases and plasma-derived therapies. These businesses will present new or unfamiliar challenges to Takeda. Shire's plasma-derived therapies in particular present significant challenges relating to the sourcing, production

and transportation of plasma, all of which are complex and subject to extensive regulation, in addition to being capital intensive. If Takeda is unable to manage this new business effectively, it may lose market share or customer confidence, be required to pursue additional manufacturing capability or sourcing (or, in the case of an oversupply, lower prices charged, record impairment charges on facilities or inventory or close certain facilities) or take other actions that could materially and adversely affect the plasma-derived therapies business.

Furthermore, Takeda will be subject to additional legal, regulatory and tax regimes that Shire operates under, many of which are complex and could subject Takeda to additional risks or liabilities. For example, Shire is subject to evolving and complex tax laws in various jurisdictions and routinely obtains advice on tax matters, including the tax treatment of the break fee it received in connection with the terminated offer to acquire Shire made by AbbVie, Inc. in 2014, which has not been agreed with the tax authorities. In addition, in connection with Shire's 2016 acquisition of Baxalta, Shire has agreed to indemnify Baxter International Inc., its affiliates and each of their respective officers, directors and employees against certain tax-related losses if the merger of Baxalta and Shire causes the prior spin-off of Baxalta by Baxter International Inc. and related transactions to fail to qualify as tax-free. Although Shire received an opinion of tax counsel that the merger will not cause such prior transactions to fail to qualify as tax-free, such opinion is not binding on the tax authorities and the potential tax indemnification obligations are not limited in amount.

If Takeda is unable to manage these additional risks effectively, the Combined Group's business, results of operations or financial conditions following the completion of the Acquisition could be materially and adversely affected.

1.5 *Research and development of pharmaceutical products is expensive and subject to significant uncertainties, and the Combined Group may be unsuccessful in bringing commercially successful products to market or recouping development costs.*

The Combined Group's ability to continue to grow its business depends significantly on the success of its research and development activities in identifying, developing and successfully commercialising new products in a timely and cost-effective manner. To accomplish this, Takeda commits, and, if the Acquisition completes, the Combined Group will commit, substantial efforts, funds and other resources to research and development, both through its in-house resources and through collaborations with third parties. However, research and development programmes for new products by pharmaceutical companies are expensive and involve intensive preclinical evaluation and clinical trials in connection with a highly complex and lengthy regulatory approval process (see paragraph 1.6 of this Appendix I below). The research and development process for a new pharmaceutical product also requires Takeda (and, if the Acquisition completes, will require the Combined Group) to attract and retain sufficient numbers of highly-skilled employees and can take 10 to 15 years or longer from discovery to commercial launch. Moreover, even if Takeda (and, if the Acquisition completes, the Combined Group) successfully develops and brings to market new products, there is only a limited available patent life in which to recoup these development costs.

During each stage of the approval process and post-approval life cycle of Takeda's (and, if the Acquisition completes, the Combined Group's) products, there is a substantial risk that serious obstacles will be encountered, including:

- unfavourable results from preclinical testing of a new compound;
- difficulty in enrolling patients in clinical trials, or delays or clinical trial holds at clinical trial sites;
- delays in completing formulation and other testing and work necessary to support an application for regulatory approval;
- adverse reactions to the product candidate or indications of other safety concerns;

- insufficient clinical trial data to support the safety or efficacy of the product candidate;
- difficulty or delays in obtaining all necessary regulatory approvals in each jurisdiction where Takeda (and, if the Acquisition completes, the Combined Group) proposes to market such products;
- failure to bring a product to market before a competitor, or to develop a product sufficiently differentiated from a competing product to achieve significant market share;
- difficulty in obtaining reimbursement at satisfactory rates for Takeda's (and, if the Acquisition completes, the Combined Group's) approved products from governments and insurers;
- difficulty in obtaining regulatory approval for additional indications;
- failure to enter into or implement successful alliances for the development and/or commercialisation of products;
- inability to manufacture sufficient quantities of a product candidate for development or commercialisation activities in a timely or cost-efficient manner;
- even after Takeda (and, if the Acquisition completes, the Combined Group) obtains regulatory approval for and commercialises a product, such product and its manufacturer are subject to continual regulatory review, and any discovery of previously unknown problems with the product or the manufacturer may result in imposition of restrictions or recalls, including withdrawal of the product from the market; and
- the degree of market acceptance of any approved product candidate by the medical community, including physicians, healthcare professionals and patients, will depend on a number of factors, including relative convenience and ease of administration, the prevalence and severity of any adverse reactions, availability of alternative treatments, pricing and Takeda's sales and marketing strategy.

In addition, to the extent that new regulations raise the costs of obtaining and maintaining product authorisations or limit the economic value of a new product to its originator, Takeda's (and, if the Acquisition completes, the Combined Group's) profitability and growth prospects could be diminished. Development of new and innovative products can also require the use of emerging platforms and technologies for which regulations either do not yet exist or are under development or modification. This may lead to greater uncertainty and risk in establishing the necessary data for approvals to conduct clinical trials and/or receiving marketing approvals.

As a result of the foregoing or other factors, Takeda (and, if the Acquisition completes, the Combined Group) may decide to abandon the development of potential pipeline products in which it has invested significant resources, even where the product is in the late stages of development. Moreover, there can also be no assurance that the Combined Group will be successful in bringing new products to market, marketing them, achieving sufficient acceptance thereof and recouping its investments in their development. For example, Takeda's pipeline compounds may not receive regulatory approval, become commercially successful or achieve satisfactory rates of reimbursement. Additionally, products approved for use and successfully marketed in one market may be unable to obtain regulatory approval, become commercially successful or achieve satisfactory rates of reimbursement in other markets. As a result, Takeda (and, if the Acquisition completes, the Combined Group) may be unable to earn returns on investments that it originally anticipated or at all, or may be forced to revise its research and development strategy, and the Combined Group's business, financial condition and results of operations could be materially and adversely affected.

1.6 ***If the Combined Group fails to comply with government regulations, regulatory approvals and reimbursement requirements, its business could be adversely affected.***

Obtaining marketing approval for pharmaceutical products is a lengthy, complex and highly regulated process that requires intensive preclinical and clinical data, and the approval process can vary significantly depending on the regulatory authority. Relevant health authorities may, at the time of the filing of the application for a marketing authorisation, or later during their review, impose requirements that can evolve over time, including requiring additional clinical trials, and such authorities may delay or refuse to grant approval. Even where the Combined Group has obtained marketing approval for a product in one or more major markets, it may need to invest significant time and resources in applying for approval in other markets, and there is no assurance that the Combined Group will be able to obtain such approval. In recent years, health authorities have become increasingly focused on product safety and on the risk/benefit profile of pharmaceutical products, which could lead to more burdensome and costly approval processes and negatively affect the Combined Group's ability to obtain regulatory approval for products under development. For example, the US Food and Drug Administration, the European Medicines Agency, and the Pharmaceuticals and Medical Devices Agency, have been implementing strict requirements for approval, particularly in terms of the volume of data needed to demonstrate a product's efficacy and safety.

Even after regulatory approval is obtained, marketed products are subject to various post-approval requirements, including continual review, risk evaluations, comparative effectiveness studies and, in some cases, requirements to conduct post-approval clinical trials to gather additional safety and other data. Regulatory authorities in many countries have worked to enhance post-approval monitoring in recent years, which has increased post-approval regulatory burdens. Post-regulatory approval reviews and data analyses can lead to the issuance of recommendations by government agencies, health professional and patients or other specialised organisations regarding the use of products; for example, a recommendation to limit the patient population of a drug's indication, the imposition of marketing restrictions, including changes in product labelling, or the suspension or withdrawal of the product. Any such action can result in reductions in sales volume and/or new or increased concerns about the adverse reactions or efficacy of a product. These substantial regulatory requirements have, over time, increased the costs associated with maintaining regulatory approvals and achieving reimbursement for Takeda's products.

If the regulatory approval process or post-approval reimbursement or other requirements become significantly more burdensome in any of the Combined Group's major markets, the Combined Group could become subject to increased costs and may be unable to obtain or maintain approval to market the Combined Group's products. Any such adverse changes could materially and adversely affect the Combined Group's business, results of operations or financial condition.

1.7 ***The expiration or loss of patent or regulatory data protection over the Combined Group's products or patent infringement by generic manufacturers could lead to significant competition from generic versions of the relevant product and lead to declines in market share and price levels of the Combined Group's products.***

Takeda's pharmaceutical products are (and, if the Acquisition completes, the Combined Group's pharmaceutical products will be) generally protected for a defined period by various patents (including those covering drug substance, drug product, approved indications, methods of administration, methods of manufacturing, formulations and dosages) and/or regulatory exclusivity, which are intended to provide Takeda (or the Combined Group, as applicable) with exclusive rights to market the products for the life of the patent or duration of the regulatory data protection period. The loss of market exclusivity for pharmaceutical products opens such products to competition from generic substitutes that are typically priced significantly lower than the original products, which typically adversely affects the market share and prices of the original products.

Generic substitutes have high market shares in a number of key markets, including the United States, Europe and many emerging countries, and the adverse effects of the launch of generic products are particularly significant in such markets. The introduction of generic versions of a pharmaceutical product typically leads to a swift and substantial decline in the sales of the original product. Takeda's active life cycle management efforts cannot (and, if the Acquisition completes, the Combined Group's active life cycle management regulations will not be able to) fully mitigate the impact of competition from generics. In the United States and the EU, for example, political pressure to reduce spending on prescription drugs has led to legislation and other measures that encourage the use of generic products. In Japan, the government is implementing various measures to control drug costs, including by encouraging medical practitioners to use and prescribe generic drugs, and in June 2017 announced its intention to raise generic drug penetration with respect to products for which market exclusivity has expired to 80 per cent. by volume by September 2020. Legislation has also been passed in the United States and Europe encouraging the use of biosimilar products. Similar to generics, biosimilars aim to provide less expensive versions of innovative biologic products. New legislation has provided abbreviated pathways for the approval and marketing of biosimilar products, which may affect the profitability and commercial viability of the Combined Group's biologic products.

Certain of Takeda's products have begun to, or are expected over the next several years to, face declining sales due to the loss of market exclusivity. For example, following the expiration of patent protection over bortezomib, the active ingredient in VELCADE, one of Takeda's largest selling products in the United States, a competing bortezomib-containing product has been introduced. This has led to a decrease in sales of VELCADE, and further entry of competing products could result in substantial additional declines. Such decreases may accelerate following the scheduled expiration of patent protection over the formulation of VELCADE in 2022, or earlier if a competitor is able to develop a way to formulate VELCADE in a manner that does not infringe the relevant patent or succeed in getting the formulation patent invalidated. In addition, as patent protection has expired for PANTOPRAZOLE in many major markets, including the United States and the EU, sales of PANTOPRAZOLE have continued to decline in those markets.

The Combined Group may also be subject to competition from generic drug manufacturers before the expiration of patents if a manufacturer successfully challenges the validity of the Combined Group's patents, or if the manufacturer believes that the benefits of launching the generic drug "at risk" (before the expiration of the Combined Group's patent) outweigh the costs of defending infringement litigation. If such a competitor launches a generic product "at risk" before the initiation or completion of court proceedings, a court may decline to grant the Combined Group a preliminary injunction to halt further "at risk" sales and remove the infringing product from the market. While the Combined Group may be entitled to obtain damages subsequently, the amount the Combined Group may ultimately be awarded and able to collect may be insufficient to compensate for the loss of sales and other harm caused to it. Furthermore, if the Combined Group loses patent protection as a result of an adverse court decision or a settlement, in certain jurisdictions, it may face the risk that government and private third-party payers and purchasers of pharmaceutical products may claim damages alleging they have over-reimbursed or overpaid for a drug.

If the Combined Group's patent and other intellectual property rights are infringed by generic drug manufacturers or other third parties, the Combined Group may not be able to take full advantage of the potential or existing demand for its products. The protection that the Combined Group is able to obtain for its prescription drugs varies from product to product and country to country and may not always be sufficient because of local variations in issued patents, or differences in national law or legal systems, including inconsistency in the enforcement or application of law and limitations on the availability of meaningful legal remedies. In particular, patent protection in emerging markets is often less certain than in developed markets. Certain countries may also engage in compulsory licensing of pharmaceutical intellectual property to other manufacturers as a result of local political pressure. Furthermore, the attention of the Combined Group's management and other personnel could be diverted from their normal business activities if the

Combined Group decides to litigate against such infringement. The realisation of any such risks could adversely and materially affect the Combined Group's business, financial condition and results of operations.

1.8 *The Combined Group is subject to the risk of intellectual property infringement claims by third parties.*

The Combined Group is also subject to the risk of infringement claims made against the Combined Group by third parties. Although Takeda monitors (and, if the Acquisition completes, the Combined Group will monitor) its operations to prevent infringement on the intellectual property rights of third parties, if it is found to have infringed the intellectual property rights of others or if it agrees to settle infringement claims, it may be required to recall the relevant products, terminate manufacturing and sales of such products, pay significant damages or pay significant royalties.

Takeda evaluates (and, if the Acquisition completes, the Combined Group will continue to evaluate) any such infringement claims to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, and in keeping with applicable accounting and disclosure standards, Takeda establishes reserves and/or discloses the relevant litigation claims or decides not to establish reserves or disclose (and, if the Acquisition completes, the Combined Group will continue this practice). Such assessments and estimates are based on the information available to Takeda's (and, if the Acquisition completes, the Combined Group's) management at such time and involve a significant amount of management judgment. Actual outcomes or losses may differ materially from those envisioned by Takeda's current assessments and estimates (or, if the Acquisition completes, the Combined Group's then current assessments and estimates). Although the parties to such patent and intellectual property disputes in the pharmaceutical industry have often settled through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include the payment of ongoing royalties. Furthermore, the necessary licences may not be available on acceptable terms or at all. Therefore if the Combined Group is unable to successfully defend against infringement claims by third parties, the Combined Group's financial results could be materially and adversely affected.

1.9 *The Combined Group faces risks from the pursuit of acquisitions, and the anticipated benefits and synergies resulting from acquisitions may not be realised.*

Takeda regularly pursues (and, if the Acquisition completes, the Combined Group will pursue) acquisitions for a number of reasons, including strengthening its pipeline, complementing existing lines of business, adding research and development capabilities or pursuing other synergies. The pursuit of these acquisitions requires the commitment of significant management and capital resources in various stages, from the exploration of potential acquisition targets to the negotiation and execution of an acquisition to the integration of an acquired business into Takeda's (or, if the Acquisition completes the Combined Group's) own business. The required commitment of time and resources may divert the attention of management or capital or other resources away from the Combined Group's day-to-day business. Moreover, the Combined Group may not be able to recoup the investment of capital or other resources through the successful integration of acquired businesses, including the realisation of any expected cost or other synergies. Specifically, the Combined Group may encounter the following difficulties:

- The Combined Group may face significant challenges in combining the infrastructure, management and information systems of acquired companies with its own, including integrating research and development, manufacturing, distribution, marketing and promotional activities and information technology systems.
- There may be difficulties in conforming standards, controls, procedures and accounting and other policies, as well as business cultures and compensation structures.

- The Combined Group may not be able to retain key personnel at acquired companies, or its own employees may be motivated to leave due to acquisitions.
- The Combined Group may not be successful in identifying and eliminating redundancies and achieving other cost savings as expected.
- The Combined Group may not be able to successfully realise benefits from acquired products, including pipeline products under development.

Integrating the operations of multiple new businesses with that of the Combined Group's own is a complex process that requires significant management attention and resources. The integration process may disrupt the Combined Group's existing and other newly acquired businesses and, if implemented ineffectively, could have an adverse impact not only on the Combined Group's ability to realise the benefits of a given acquisition but also on the results of its existing operations. Integration-related risks may be heightened in cases where acquired businesses' operations, employees or customers are located outside the Combined Group's major markets and the Combined Group incurs higher costs than anticipated due to regulatory changes, environmental factors or foreign exchange fluctuations. Takeda continues to pursue (and, if the Acquisition completes, the Combined Group will continue to pursue) strategic business acquisitions globally as a key part of its continuous growth strategy. If Takeda (or, if the Acquisition completes, the Combined Group) is not able to achieve the anticipated benefits of any future acquisitions in full or in a timely manner, Takeda (or, if the Acquisition completes, the Combined Group) could be required to recognise impairment losses, Takeda may not be able to recoup its investment, and the Combined Group's business, financial position and results of operations could be materially and adversely affected. Particularly, Takeda (or, if the Acquisition completes, the Combined Group) may be unable to achieve the expected revenues pursuant to licensing, co-promotion or co-development agreements or collaborations. Takeda (or, if the Acquisition completes, the Combined Group) may also assume unexpected contingent or other liabilities, or be required to mark up the fair value of liabilities (or mark down the fair value of assets) acquired upon the close of an acquisition.

1.10 *The Combined Group's operating results and financial condition may fluctuate due to a number of factors and may not be comparable across periods.*

The Combined Group's operating results and financial condition may fluctuate from quarter to quarter and year to year for a number of reasons, including acquisitions, divestitures, major product launches, patent expiration or expiration of regulatory data protection for key products and other reasons. In particular, as part of Takeda's efforts to refocus its business portfolio, Takeda has recently entered into a number of significant transactions that are expected to affect its results of operations, including:

- the Acquisition, if completed successfully;
- the acquisition of TiGenix NV in July 2018;
- the divestment of Wako Pure Chemical Industries, Ltd., one of Takeda's consolidated subsidiaries, to FUJIFILM Corporation in April 2017;
- the acquisition of ARIAD Pharmaceuticals, Inc. in February 2017;
- the sale of Takeda's respiratory business to AstraZeneca in April 2016; and
- the transfer of certain long-listed products, consisting of products for which patent protection and regulatory data protection have expired, to Teva Takeda Yakuhin Ltd., a wholly owned subsidiary of Teva Takeda Pharma Ltd., a joint venture Takeda formed with Teva Pharmaceutical Industries Ltd., in April 2016, and the subsequent sale of seven additional long-listed products in May 2017.

Takeda (and, if the Acquisition completes, the Combined Group) intends to continue to pursue both acquisitions of new businesses and dispositions of existing businesses in the future. As a result, period-to-period comparisons of the Combined Group's results of operations may not always be directly comparable, and these comparisons should not be relied upon as an indication of future performance. The Combined Group's operating results and financial condition are also subject to fluctuations from the risks described throughout this Appendix I.

1.11 *Takeda has significant global operations, which expose the Combined Group to additional risks.*

Takeda's global operations, which encompass more than 70 countries in diverse regions across the world, are subject to a number of risks, including:

- difficulties in monitoring and co-ordinating research and development, marketing, supply-chain and other operations in a large number of jurisdictions;
- risks related to various laws, regulations and policies, including those implemented following changes in political leadership and trade, capital and exchange controls;
- changes with respect to taxation, including impositions or increases of withholding and other taxes on remittances and other payments by Takeda's overseas subsidiaries;
- varying standards and practices in the legal, regulatory and business cultures in which Takeda operates, including potential inability to enforce contracts or intellectual property rights;
- trade restrictions and changes in tariffs;
- complex sanctions regimes in various countries such as Japan, the United States, the EU and other jurisdictions, violations of which could lead to fines or other penalties;
- risks related to political instability and uncertain business environments;
- changes in the political or economic relationship between Japan and the other countries and regions in which Takeda operates;
- acts of terrorism, war, epidemics and other sources of social disruption; and
- difficulties associated with managing local personnel and preventing misconduct by local third-party alliance partners.

Any one or more of these or other factors could, if the Acquisition completes, increase the Combined Group's costs, reduce the Combined Group's revenues, or disrupt the Combined Group's operations, with possible material adverse effects on the Combined Group's business, financial condition and results of operations. Even before the announcement of the Acquisition, further expansion overseas was one of Takeda's key strategies, and, in the fiscal year ended March 31, 2018, regions outside Japan accounted for 67.2 per cent. of Takeda's consolidated revenue, with the United States in particular contributing 33.8 per cent. of consolidated revenue. Takeda expects that markets outside Japan, particularly the United States and also Europe, Canada and emerging markets, will continue to be increasingly important to the Combined Group's business and results of operations, increasing the likelihood that any of these risks is realised.

1.12 *The Combined Group may not be able to realise the expected benefits of investments in emerging markets.*

Takeda has been taking steps to grow its business in emerging markets, which it defines to include Russia and the Commonwealth of Independent States, Latin America, Asia (excluding Japan) and Other (including the Middle East, Oceania and Africa). Takeda's revenue from emerging markets was ¥278.1 billion (or 15.7 per cent. of Takeda's total revenue) for the fiscal year ended March 31, 2018, and Takeda intends to pursue (and, if the Acquisition completes, the Combined Group to pursue) further growth in such emerging markets.

However, there is no guarantee that efforts to expand sales in emerging markets will succeed. Some countries may be especially vulnerable to periods of global financial instability or may have very limited resources to spend on healthcare. To successfully implement its emerging markets strategy, Takeda (and, if the Acquisition completes, the Combined Group) must attract and retain qualified personnel, despite the possibility that some emerging markets may have a relatively limited number of persons with the required skills and training. Takeda (and, if the Acquisition completes, the Combined Group) may also be required to increase its reliance on third-party agents within less-developed markets, which may put it at increased risk of liability. In addition, many emerging markets have currencies that fluctuate substantially, and if such currencies are devalued and Takeda (and, if the Acquisition completes, the Combined Group) cannot offset the devaluations, its financial performance in such countries may be adversely affected. Further, many emerging markets have relatively weak intellectual property protection and inadequate protection against crime, including counterfeiting, corruption and fraud. Operations in certain emerging countries, where corruption may be more prevalent than in more developed countries and where internal compliance practices may not be well established, may also pose challenges from a legal and regulatory compliance perspective.

For reasons including but not limited to the above, sales within emerging markets carry significant risks, and the realisation of such risks could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

1.13 *Takeda depends on its “growth driver” products to support its future growth, and any events that adversely affect the markets for these products may adversely affect the Combined Group’s business, financial condition and results of operations.*

Takeda's future growth depends largely on its “growth drivers”, which Takeda defines as products in its core therapeutic areas of gastroenterology, oncology and neuroscience, as well as emerging markets. As a result of Takeda's focus on these therapeutic areas and markets, any event that adversely affects products aimed at these therapeutic areas or markets could have a material and adverse effect on the Combined Group's business, financial condition and results of operations. These events could include discovery of previously unknown adverse reactions, loss of intellectual property protection, increased costs associated with manufacturing, supply chain issues or product shortages, regulatory proceedings, changes in labelling, publicity affecting doctor or patient confidence in the product, material product liability litigation and introduction of new, more effective treatments.

1.14 *The Combined Group’s results of operations and financial condition may be adversely affected by foreign currency exchange rate fluctuations.*

Takeda manufactures and sells products to customers in numerous countries, and has entered into (and, if the Acquisition completes, the Combined Group will continue to enter into) acquisition, licensing, borrowings or other financial transactions that give rise to translation and transaction risks related to foreign currency exposure. Fluctuations in currency exchange rates in the markets where Takeda is active could negatively affect the Combined Group's results of operations, financial position and cash flows. For the fiscal year ended March 31, 2018, 67.2 per cent. of Takeda's sales were in markets outside Japan, and Takeda expects this proportion to be even higher for subsequent fiscal periods, due to anticipated increases in overseas sales of growth driver products and the contribution of Shire's results to Takeda's results of operations, particularly in the US market. Takeda's consolidated financial statements are (and, if the Acquisition completes, the Combined Group's consolidated financial statements will be) presented in Japanese Yen, and by translating the foreign currency financial statements of its foreign subsidiaries into Yen, the amounts of its revenue, operating profit, assets and equity, on a consolidated basis, are affected by prevailing rates of exchange. For example, an increase in the value of Japanese Yen relative to the other currencies in which Takeda operates, particularly the US Dollar and the Euro, during the fiscal year ended March 31, 2017 was a significant downward factor that contributed to a decrease in consolidated revenue, presented in Japanese

Yen, from the fiscal year ended March 31, 2016. In the fiscal year ended March 31, 2018, this trend reversed, but increases in the strength of the Yen in future years may similarly negatively affect Takeda's (and, if the Acquisition completes, the Combined Group's) results of operations.

Takeda utilises (and, if the Acquisition completes, the Combined Group will continue to utilise) certain hedging measures with respect to some of its foreign currency transactions. However, such hedging measures do not cover all exposures and, even to the extent they do, they may only delay, or may otherwise be unable to completely eliminate, the impact of fluctuations in foreign currency exchange rates.

1.15 *The Combined Group may not be able to adequately expand its product portfolio through third-party alliance arrangements.*

Takeda expects that the Combined Group, if the Acquisition completes, will continue to rely on third parties for key aspects of its business, including the discovery and development of new products, in-licensing products and the marketing and distribution of approved products. A major part of Takeda's research and development strategy is to enhance collaborations with third parties in the biotechnology industry, academia and the public sector, and Takeda believes that the overall strength of its research and development programme and product pipeline depends on its ability to identify and initiate partnerships, acquisitions, in-licensing arrangements and other collaborations with third parties. For example, a number of Takeda's key products, including ADCETRIS, TRINTELLIX and AMITIZA, are in-licensed products developed through alliances with third parties. Takeda believes that, if the Acquisition completes, the Combined Group's research and development strategy and programme will continue to be similarly reliant on third parties. However, there can be no assurance that any of Takeda's (and, if the Acquisition completes, the Combined Group's) third-party alliances will lead to the successful development and marketing of new products. Moreover, reliance on third-party alliances will subject the Combined Group to a number of risks, including:

- The Combined Group may be unable to identify suitable opportunities at a reasonable cost and on terms that are acceptable to it due to active and intense competition among pharmaceutical groups for alliance opportunities or other factors.
- Entering into in-licensing or partnership agreements may require the payment of significant "milestones" well before the relevant products are placed in the market, without any assurance that such investments will ultimately become profitable in the long term.
- When the Combined Group researches and markets its products through collaboration arrangements, the performance of certain key tasks or functions are the responsibility of its collaboration partners, who may not perform effectively or otherwise meet the Combined Group's expectations.
- Decisions may be under the control of or subject to the approval of the Combined Group's collaboration partners, and the Combined Group may have differing views or be unable to agree upon an appropriate course of action. Any conflicts or difficulties that the Combined Group may have with its partners during the course of these agreements or at the time of their renewal or renegotiation or any disruption in the relationships with the Combined Group's partners may affect the development, launch and/or marketing of certain of the Combined Group's products or product candidates.

In addition, a licensor may attempt to terminate its licence agreement with the Combined Group or elect not to renew it to pursue other marketing opportunities. The Combined Group's licensors could also merge with or be acquired by another company, or experience financial or other setbacks unrelated to the Combined Group's licensing arrangements. Any of these events may force the Combined Group to abandon a development project and adversely affect its ability to adequately expand or maintain its product portfolio.

1.16 ***Takeda's reliance on third parties for the performance of key business functions, particularly research and development and product commercialisation, heightens the risks faced by the Combined Group's business.***

Takeda relies (and, if the Acquisition completes, the Combined Group will rely) on suppliers, vendors and partners, including alliances with other pharmaceutical companies, for key aspects of its business, including research and development, manufacture and commercialisation of products, support for information technology systems and certain human resource functions. Takeda does not (and, if the Acquisition completes, the Combined Group will not) control these partners, but it does and will depend on them in ways that may be significant to its operations. If these parties fail to meet expectations or fulfil their obligations, Takeda (and, if the Acquisition completes, the Combined Group) may fail to receive the expected benefits. In addition, if any of these third parties fails to comply with applicable laws and regulations in the course of its performance of services for us, there is a risk that Takeda (and, if the Acquisition completes, the Combined Group) may be held responsible for such violations as well. This risk is particularly serious in emerging markets, where corruption is often prevalent and where many of the third parties on which Takeda relies do not have internal compliance resources comparable with its own. Any such failures by third parties, in emerging markets or elsewhere, could adversely affect the Combined Group's business, reputation, financial condition or results of operations.

1.17 ***Takeda is involved in litigation relating to its operations on an ongoing basis, and such litigation could result in financial losses or harm the Combined Group's business.***

Takeda is involved in various litigation relating to its operations on an ongoing basis, including claims related to product liability and intellectual property as well as to antitrust, sales and marketing and other regulatory regimes. If the Acquisition completes, the Combined Group will be involved in such litigation to the extent it has not previously been resolved, disposed of or settled. Given the inherent unpredictability of litigation, it is possible that an adverse outcome in one or more pending or future litigation matters could have a material adverse effect on the Combined Group's operating results or cash flows. For a description of certain material litigation, see paragraph 10 at Part VIII (Additional Information) of this document.

1.18 ***Economic and financial conditions may have a material adverse effect on the Combined Group's business, financial condition and results of operations.***

Growth of the global pharmaceutical market has become increasingly tied to global economic growth. In this context, a substantial and lasting slowdown of the global economy or major national economies could negatively affect growth in the global pharmaceutical market and, as a result, adversely affect the Combined Group's business. In particular, weak economic conditions can have a particularly adverse impact on pharmaceutical demand in markets having significant co-pays or lacking a developed third-party payer system, as individual patients may delay or decrease out-of-pocket healthcare expenditures. Negative economic developments could also reduce the sources of funding for national social security systems, leading to heightened pressure on drug prices, increased substitution of generic drugs, and the exclusion of certain products from formularies.

Following the global financial crisis in 2008, economic growth continues to be stagnant in major developed countries while the pace of growth in many emerging economies has declined. The referendum vote in the UK to leave the EU, known as "Brexit", the transition to a new presidential administration in 2017 and mid-term elections in 2018 in the United States and continued instability in the Middle East and North Korea have increased political and economic uncertainty. To the extent that economic or financial conditions weaken in any of the Combined Group's major operating markets, demand for its products or product pricing could be negatively affected. In addition, to the extent that economic and financial conditions negatively affect the global business environment, the Combined Group could experience a disruption or delay in the performance of third parties on which the Combined Group relies for parts of its business, including collaboration partners and suppliers. Such disruptions or delays could have a material

and adverse effect on the Combined Group's business, financial condition and results of operations.

1.19 ***Government policies and other pressures to reduce medical costs could have an adverse effect on sales of the Combined Group's pharmaceutical products.***

Takeda is (and, if the Acquisition completes, the Combined Group will be) subject to governmental regulations mandating price controls in various countries in which it operates. The growth of overall healthcare costs as a percentage of gross domestic product in many countries means that governments and payers are under intense pressure to control spending even more tightly.

In the United States, the largest market for Takeda's products, there has been increasing pricing pressure from managed care groups and institutional and governmental purchasers. In particular, as managed care groups have grown in size due to market consolidation, pharmaceutical companies have faced increased pressure in pricing and usage negotiations, and there is fierce competition among pharmaceutical companies to have their products included in the care providers' formularies. Moreover, as a result of the Patient Protection and Affordable Care Act enacted in 2010, as amended by the Health Care and Education Reconciliation Act (together, the "**US Healthcare Legislation**"), Takeda has experienced heightened pricing pressure on, and limitations on access to, its branded pharmaceutical products sold in the United States. In addition, there has been increasing attention paid to the level of pricing of pharmaceutical products, including from the Trump administration and other politicians, which could lead to political pressure or legislative, regulatory or other measures being introduced to lower prices. The future of the US Healthcare Legislation, as well as the potential impact of any new legislation, is uncertain, but Takeda expects the healthcare industry in the United States will continue to be subject to increasing regulation as well as political and legal action.

In Japan, manufacturers of pharmaceutical products must have new products listed on the National Health Insurance (the "**NHI**") price list published by the Ministry of Health, Labour and Welfare of Japan. The NHI price list provides rates for calculating the price of pharmaceutical products used in medical services provided under various public medical care insurance systems. Prices on the NHI price list have been subject to revision generally once every two years based on the actual prices at which the pharmaceutical products are purchased by medical institutions in Japan after discounts and rebates from listed price. The average price of products listed on the NHI price list has decreased as a result of each of the revisions in 2014, 2016 and 2018. The Japanese government is currently undertaking healthcare reform initiatives with a goal of sustaining the universal coverage of the NHI programme, and is addressing the efficient use of drugs, including promotion of generic use with a target of 80 per cent. penetration by volume by September 2020 with respect to products for which market exclusivity has expired. As part of these initiatives, the NHI price list is expected to be revised annually beginning in the fiscal year ending March 31, 2022, which could lead to more frequent downward price revisions.

In Europe, as in the United States, drug prices have been subject to downward pressure due to measures implemented in each country to control drug costs, and prices continue to come under pressure due to parallel imports, generic competition, increasing use of health technology assessment based upon cost-effectiveness and other factors. Takeda is also facing similar pricing pressures in various emerging countries.

Takeda expects these efforts to control costs to continue as healthcare payers around the globe, in particular government-controlled health authorities, insurance companies and managed care organisations, increasingly pursue initiatives to reduce the overall cost of healthcare, restrict access to higher-priced new medicines, increase the use of generics and impose overall price revisions. Such further implementation of these policies could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

1.20 *The Combined Group may have difficulty in maintaining the competitiveness of its products.*

The pharmaceutical industry is highly competitive, and in order to maintain the competitiveness of its product portfolio, the Combined Group will be required to maintain ongoing, extensive research for technological innovations, including new compounds, to develop and commercialise existing pipeline products, to expand its product portfolio through acquisitions and in-licensing, and to market its products effectively, including by communicating the efficacy, safety and value of its products to healthcare professionals. However, healthcare professionals and consumers may choose competitors' products over the Combined Group's nonetheless, if they perceive these products to be safer, more reliable, more effective, easier to administer or less expensive. The success of any product depends on the Combined Group's ability to communicate effectively with and educate the healthcare professionals and patients and convince them of the advantage of its products over those of its competitors. Takeda often carries out (and, if the Acquisition completes, it is anticipated that the Combined Group will continue to complete) costly clinical trials even after its products have been launched to produce data to be utilised for these purposes, but such trials do not always produce the desired outcomes. Furthermore, many of Takeda's (and, if the Acquisition completes, the Combined Group's) competitors have greater financial and other resources to conduct such trials in more detail and with larger patient populations, which may ultimately enable them to promote their products more effectively than it does or the Combined Group will.

In Japan, reduced approval times for drugs already marketed outside Japan have led to increased competition through the introduction of such drugs into the Japanese market by foreign competitors. In addition, new competing products or the development of superior medical technologies and other treatment options could make the Combined Group's products or technologies lose their competitiveness or become obsolete. As discussed above, the Combined Group's products are also subject to competition from inexpensive generic versions of its products, as well as generic versions of its competitors' products, upon the expiration or loss of related patent protection and regulatory data protection, which may result in loss of market share. If the Combined Group is unable to maintain the competitiveness of its products, the Combined Group's business, financial position and results of operations could be materially and adversely affected.

1.21 *The Combined Group's products may have unanticipated adverse effects or possible adverse effects, which may restrict use of the product or give rise to product liability claims.*

As a pharmaceutical company, Takeda is (and, if the Acquisition completes, the Combined Group will be) subject to significant risks related to product liability. Unanticipated adverse reactions or unfavourable publicity from complaints concerning any of the Combined Group's products, or those of its competitors, could have an adverse effect on the Combined Group's ability to obtain or maintain regulatory approvals or successfully market its products, and may even result in recalls, withdrawal of regulatory approval or adverse labelling of the product.

While Takeda's products are (and, if the Acquisition completes, the Combined Group's products will be) subject to comprehensive clinical trials and rigorous statistical analysis during the development process before approval, there are inherent limitations with regard to the design of such trials, including the limited number of patients enrolled in such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. If such unanticipated adverse reactions are discovered, Takeda (and, if the Acquisition completes, the Combined Group) may be required to add descriptions of the adverse reactions as "precautions" to the packaging of its products, recall and terminate sales of products or conduct costly post-launch clinical trials. Furthermore, concerns relating to potential adverse reactions could arise among consumers or medical professionals, and such concerns, whether justified or not, could have an adverse effect on sales of the Combined Group's products and its reputation. The Combined Group could also be subject to product liability litigation by patients who have

suffered or claim to have suffered such adverse reactions resulting in harm to their health. For example, numerous claims for damages have been brought against Takeda in which plaintiffs alleged to have developed bladder cancer or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone, marketed as ACTOS in the United States. Takeda reached a settlement to resolve the vast majority of ACTOS product liability lawsuits pending against it in the United States, resulting in a charge of ¥274.1 billion (approximately \$2.4 billion) in the fiscal year ended March 31, 2015. The Combined Group may also be subject to claims regarding manufacturing defects and labelling problems.

Although Takeda maintains (and, if the Acquisition completes, the Combined Group will maintain) product liability insurance at coverage levels that it believes are (or will be) appropriate, Takeda (or the Combined Group) could be subject to product liability that significantly exceeds such levels. Product liability coverage is also increasingly difficult and costly to obtain, and may not be available in the future on acceptable terms. Therefore, in the future, it is possible that the Combined Group may need to rely increasingly on self-insurance for the management of product liability risk. In cases where the Combined Group self-insures, the legal costs that the Combined Group would bear for handling such claims and potential indemnifications to be paid to claimants could materially and adversely affect its financial condition. In addition, the negative publicity from product liability claims, whether or not justified, may damage the Combined Group's reputation and may negatively impact the number of prescriptions of the product in question or its other products. As a result, the Combined Group's business, financial condition and results of operations could be materially and adversely affected.

1.22 ***The manufacture of Takeda's products is technically complex and highly regulated, and supply interruptions, product recalls or other production problems caused by unforeseen events may reduce sales, adversely affect the Combined Group's operating results and financial condition and delay the launch of new products.***

The manufacture of Takeda's products is technically complex and highly regulated, and as a result Takeda may experience difficulties or delays including but not limited to the following:

- seizure or recalls of products or shut-downs of manufacturing plants;
- problems with business continuity, including as a result of a natural or man-made disaster, at one of Takeda's facilities or at a critical supplier or vendor;
- failure by Takeda or by any of Takeda's vendors or suppliers to comply with current good manufacturing practices applicable to the production of pharmaceutical products for human use and other applicable regulations and quality assurance guidelines, which could lead to manufacturing shutdowns, product shortages and delays in product manufacturing;
- problems with manufacturing, quality assurance/quality control or supply, or governmental approval delays, due to Takeda's consolidation and rationalisation of manufacturing facilities and the sale or closure of certain sites;
- failure of a sole source or single source supplier to provide Takeda with necessary raw materials, supplies or finished goods for an extended time, which could impact continuous supply;
- failure of a third-party manufacturer to supply Takeda with semi-finished or finished products on time;
- construction or regulatory approval delays related to new facilities or the expansion of existing facilities;
- additional costs related to deficiencies identified by regulatory agencies in connection with inspections of Takeda's facilities, and enforcement, remedial or punitive actions by regulatory authorities if Takeda fails to remedy any deficiencies; and

- other manufacturing or distribution problems including limits to manufacturing capacity due to regulatory requirements, changes in the types of products produced, physical limitations or other business interruptions that could impact continuous supply.

If the Acquisition completes, the foregoing risks and uncertainties will apply equally to the manufacture of the Combined Group's products. Any of the above may reduce sales, delay the launch of new products and adversely affect the Combined Group's business, financial condition and results of operations.

In July 2018, Takeda acquired TiGenix NV, which develops novel stem cell therapies for serious medical conditions. The development and manufacture of stem cell products and other biologics, including products Takeda expects to add to its portfolio following the completion of the Acquisition, present heightened or additional risks. The manufacture of biologics, including stem cell products, is highly complex and is characterised by inherent risks and challenges, such as raw material inconsistencies, logistical and sourcing challenges, significant quality control and assurance requirements, manufacturing complexity (including heightened regulatory requirements) and significant manual processing. Unlike products that rely on chemicals for efficacy, such as most pharmaceuticals, biologics are difficult to characterise due to the inherent variability of biological input materials. As a result, assays of the finished product may not be sufficient to ensure that the product will perform in the intended manner. Problems with the manufacturing process, even minor deviations from the normal process, could result in product defects or manufacturing failures that result in lot failures, product recalls, product liability claims or insufficient inventory, which could be costly to Takeda or result in reputational damage.

1.23 *The illegal distribution and sale by third parties of counterfeit versions of the Combined Group's products or products stolen from the Combined Group could have an adverse effect on the Combined Group's reputation and business.*

Third parties may illegally distribute and sell counterfeit versions of the Combined Group's products, which do not meet the rigorous manufacturing and testing standards to which its products are subject. A patient who receives a counterfeit drug may be at risk for a number of dangerous health consequences. Reports of adverse reactions to counterfeit drugs or increased levels of counterfeiting could materially affect patient confidence in the Combined Group's products, which could have a material adverse effect on the Combined Group's reputation and financial results. In addition, thefts at warehouses, at plants or in transit of inventory that is not properly stored or that is sold through unauthorised channels could adversely affect patient safety, the Combined Group's reputation and the Combined Group's results of operations.

1.24 *Takeda is (and, if the Acquisition completes, the Combined Group will be) increasingly dependent on information technology systems and its systems and infrastructure face the risk of theft, exposure, tampering or other intrusions.*

Certain important processes relating to the research and development, production and sales of Takeda's products (and, if the Acquisition completes, the Combined Group's products) currently depend and will in the future continue to depend heavily on its information systems, including cloud-based computing, or those of third-party providers to whom Takeda (or, if the Acquisition completes, the Combined Group) outsources certain business functions, including the storage and transfer of critical, confidential, sensitive or personal information regarding patients, clinical trials, vendors, customers, employees and others. The size and complexity of these computer systems make them potentially vulnerable to service interruptions, malicious intrusions and random attacks. Cyber-attacks are increasing in frequency, sophistication and intensity. Such attacks are made by groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organised criminal groups, "hacktivists", nation-states and others. Cyber-attacks could include the deployment of harmful malware, denial of service attacks, worms, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. The development and maintenance of systems to safeguard against such attacks is costly and requires ongoing monitoring and

updating as technologies change and efforts to overcome security measures become increasingly more sophisticated. Despite Takeda's efforts, the possibility of a future data compromise cannot be eliminated entirely, and risks associated with intrusion, exposure, tampering and theft remain.

If the Combined Group's data systems are compromised, its business operations may be impaired, the Combined Group may lose profitable opportunities or the value of those opportunities may be diminished, and the Combined Group may lose revenue because of unlicensed use of its intellectual property. If personal information of the Combined Group's customers or employees is misappropriated, its reputation with its customers and employees may be injured resulting in loss of business and/or morale, and the Combined Group may incur costs to remediate possible injury to its customers and employees or be required to pay fines or take other action with respect to judicial or regulatory actions arising out of such incidents. Data privacy or security breaches by employees and others with permitted access to the Combined Group's systems, including in some cases third-party service providers to which the Combined Group may outsource certain business functions, may also pose a risk that sensitive data, including intellectual property or personal information, will be exposed to unauthorised persons or to the public.

1.25 *Changes in data privacy and protection laws and regulations, particularly in Europe, or any failure to comply with such laws and regulations, could adversely affect the Combined Group's business and financial results.*

Takeda is subject to (and, if the Acquisition completes, the Combined Group will be subject to) laws and regulations globally regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal data. Significant uncertainty exists as privacy and data protection laws may be interpreted and applied differently from country to country and may create inconsistent or conflicting requirements. For example, the EU's General Data Protection Regulation (the "GDPR"), which imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data are stored, became effective on May 25, 2018. Furthermore, legislators and regulators in the United States are proposing new and more robust cyber-security rules in light of the recent broad-based cyber-attacks at a number of companies. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR) and regulations can be costly; any failure to comply with these regulatory standards could subject the Combined Group to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against the Combined Group by governmental entities or others or damage to the Combined Group's reputation and credibility and could also have a negative impact on revenues and profits.

1.26 *Social media platforms and new technologies present risks and challenges for the Combined Group's reputation and business.*

Consumers, the media, pharmaceutical companies and other parties increasingly use social media and other new technologies to communicate about pharmaceutical products and the diseases they are intended to treat. For pharmaceutical companies, the use of these technologies requires specific attention, monitoring programmes and moderation of comments. For example, negative or inaccurate posts or comments about the Combined Group or the Combined Group's products on any social media networking platforms could damage the Combined Group's reputation and business. Social media could also be used to bring negative attention to the Combined Group or to the pharmaceutical industry as a whole, which could in turn cause reputational harm to the Combined Group and negatively impact the Combined Group's business. The nature of evidence-based health-care, however, may prevent the Combined Group from rapidly and adequately defending its interests against such comments. In addition, the Combined Group's employees and partners may use social media and mobile

technologies inappropriately, which may expose the Combined Group to liability, or which could lead to breaches of data security, loss of trade secrets or other intellectual property or public disclosure of sensitive information, including information about the Combined Group's employees, clinical trials or customers.

1.27 *Takeda's dependence on third parties for the inputs for its products subjects it (and, if the Acquisition completes, will subject the Combined Group) to various risks, and changes in the costs of materials may adversely affect the Combined Group's profitability.*

Although Takeda develops and manufactures (and, if the Acquisition completes, the Combined Group will continue to develop and manufacture) the active ingredients used in some of its products at its own facilities, it is dependent on third-party suppliers for a substantial portion of the raw materials and compounds used in such products. The price and availability of the raw materials for such products, including chemical compounds and biologics, are subject to the effects of weather, natural disasters, market forces, the economic environment, fuel costs and foreign exchange rates. If Takeda's (or, if the Acquisition completes, the Combined Group's) cost for such materials increases, it may not be able to make corresponding increases in the prices of its products due to market conditions or Takeda's (or the Combined Group's, as applicable) relationships with its customers and, as a result, the Combined Group's profitability could be materially and adversely affected. Sources of some materials may be limited to a single supplier, and if such supplier faces any difficulty in supplying the materials, Takeda (or the Combined Group, as applicable) may not be able to find an alternative supplier in a timely manner or at all. If materials become unavailable or if quality problems related to the materials arise, Takeda (or the Combined Group, as applicable) may be forced to halt production and sales of products that use them. In the event that any of Takeda's (or the Combined Group's, as applicable) third-party suppliers is delayed in its delivery of such raw materials or compounds, is unable to deliver the full quantity ordered by it at the appropriate level of quality or is unable to deliver any raw materials or compounds at all, Takeda's (or the Combined Group's, as applicable) ability to sell its products in the quantities demanded by the market may be impaired, which could damage the Combined Group's reputation and relationships with customers. In such a case, the Combined Group's business and results of operations could be adversely affected.

1.28 *Sales to wholesalers are concentrated, which exposes Takeda (and, if the Acquisition completes, will expose the Combined Group) to credit risks and pricing pressures.*

A significant portion of Takeda's global sales are made to a relatively small number of wholesale distributors, retail chains and other purchasing groups. In the fiscal year ended March 31, 2018, Takeda's largest wholesale distributor accounted for 12.4 per cent. of its total revenue. If one of Takeda's significant wholesale distributors encounters financial or other difficulties, such distributor may decrease the amount of business that it does with Takeda, and Takeda may be unable to collect the amounts that the distributor owes it on a timely basis or at all. Furthermore, the concentration of wholesale distributors has been increasing through mergers and acquisitions. In addition to increased credit risks, this has resulted in such distributors gaining additional purchasing leverage, which may increase pricing pressure on Takeda's products. Such credit concentration risks and pricing pressure will continue to apply to the Combined Group if the Acquisition completes and could adversely affect the Combined Group's business, financial condition and results of operations.

1.29 *The Combined Group may incur substantial costs due to its environmental compliance efforts or claims relating to its use, manufacture, handling, storage or disposal of hazardous materials.*

Takeda's research and development and manufacturing processes use (and, if the Acquisition completes, the Combined Group's equivalent processes will continue to use) hazardous materials, including chemicals and radioactive and biological materials, and produce hazardous waste. National and local laws and regulations in many of the jurisdictions in which Takeda operates (and, if the Acquisition completes, the Combined Group will continue to operate) impose

substantial potential liability for the improper use, manufacture, handling, storage and disposal of hazardous materials as well as for land contamination, and, in some cases, this liability may continue over long periods. Despite Takeda's compliance efforts, it cannot completely eliminate the risk of accidental contamination and any resultant injury from these materials. For example, real properties that Takeda owned or used in the past or that Takeda owns or uses now or that the Combined Group owns or uses in the future may contain undetected contamination resulting from its manufacturing operations at those sites or the activities of prior owners or occupants. While Takeda has not experienced any material expenses or liability in connection with hazardous materials, either it or the Combined Group may suffer from expenses, claims or liability in the future that exceed its insurance coverage. Furthermore, changes to current environmental laws and regulations may impose further compliance requirements on the Combined Group that may impair the Combined Group's research, development and production efforts as well as its other business activities.

1.30 *The Combined Group may suffer large losses in the event of a natural or other disaster, such as an earthquake, terrorist attack or other catastrophic event, in any of the markets in which the Combined Group operates.*

Japan and other regions in the world in which Takeda operates (and, if the Acquisition completes, the Combined Group will continue to operate) are subject to the risk of earthquakes and other natural disasters, including volcanic eruptions, tidal waves, typhoons, floods and hurricanes. For example, the Great East Japan Earthquake and subsequent tsunami that occurred in March 2011 caused unprecedented property and other damage, although Takeda did not incur any significant damage to its facilities. In addition, other events outside the Combined Group's control, such as war, civil or political unrest, deliberate acts of sabotage or industrial accidents such as fire and explosion, whether due to human or equipment error, could damage, cause operational interruptions or otherwise adversely affect certain of the Combined Group's manufacturing or other facilities as well as potentially cause injury or death to the Combined Group's personnel. In the event of a major natural disaster or other uncontrollable event or accident, the Combined Group's facilities, particularly its production plants, may experience catastrophic loss, operations at such facilities may be halted, shipments of products may be suspended or delayed and large losses and expenses to repair or replace facilities may be incurred. Such negative consequences could cause product shortages, significant losses of sales or require significant unexpected expenditures, and materially adversely affect the Combined Group's business, financial condition and results of operations.

Takeda regularly conducts inspections of all its facilities for maintenance purposes and to prevent potential damage from disaster, and Takeda has global group insurance to cover property damage and business interruption to cover certain potential losses at its production facilities, although Takeda does not maintain earthquake insurance in Japan. These insurance policies (and any insurance parties of the Combined Group) may not be adequate to cover all possible losses and expenses. In addition, the Combined Group's business may also be adversely affected if its suppliers or business partners were to experience a catastrophic loss due to natural disasters, accidents or other uncontrollable events.

1.31 *Takeda may have to recognise additional charges on its statements of income due to impairment of goodwill and other intangible assets.*

Takeda carries significant amounts of goodwill and intangible assets on its balance sheet as a result of past acquisitions. If completed as expected, Takeda also expects to record significant additional goodwill and intangible assets in connection with the Acquisition. As of March 31, 2018, Takeda had goodwill of ¥1,029.2 billion and intangible assets of ¥1,014.3 billion. Goodwill and intangible assets recorded in relation to acquisitions are recognised on Takeda's balance sheet on the acquisition date. Under IFRS, Takeda is required to examine such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may

not be recoverable. The recognition of such impairment charges may adversely affect the Combined Group's business, financial condition and results of operations.

1.32 *The Combined Group may not be able to attract and retain key management and other personnel.*

In order to produce, develop, support and market its products, Takeda depends (and, if the Acquisition completes, the Combined Group will continue to depend) on the expertise and leadership of its senior management team and other key members of its organisation. The loss of key members of the Combined Group's organisation, including senior members of its scientific and management teams, high-quality researchers and development specialists, could delay or prevent the achievement of major business objectives. The market for such talents has become increasingly competitive, including in specific geographic regions and in specialised fields such as clinical development and biosciences, and Takeda is required (and, if the Acquisition completes, the Combined Group will be required) to invest heavily in the recruitment, training and retention of qualified individuals, including salary and other compensation to reward performance and incentivise employees. Despite Takeda's (or the Combined Group's, as applicable) efforts to retain them, key employees could terminate their employment with Takeda (or the Combined Group, as applicable) for any reason or for no reason, and there can be no assurance that Takeda (or the Combined Group, as applicable) will be able to attract or retain key employees and successfully manage them. Takeda's (or the Combined Group's, as applicable) inability to attract, integrate and retain highly skilled personnel, particularly those in leadership positions, may weaken its succession plans and may materially adversely affect its ability to implement its strategy and meet its strategic objectives, which could ultimately adversely affect the Combined Group's business and results of operations.

1.33 *If Takeda fails to maintain effective internal control over financial reporting, the accuracy and timeliness of its financial reporting may be adversely affected, which could cause investors to lose confidence in its reported financial information and may lead to a decline in the trading price of its ADSs.*

Takeda's common stock is currently listed only on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges, and Takeda has established internal control over financial reporting pursuant to the requirements applicable to companies listed only in Japan. Once the Takeda Shares and Takeda ADSs are registered under the US Exchange Act, Takeda will become subject to, among other things, the requirements under the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"). The standards for internal control over financial reporting under the Sarbanes-Oxley Act are significantly more extensive than those applicable to companies listed only in Japan. For example, Takeda will be required, pursuant to Section 404 of the Sarbanes-Oxley Act ("**Section 404**"), to furnish a report by management on, among other things, the effectiveness of Takeda's internal control over financial reporting. This assessment will need to include disclosure of any material weaknesses identified by Takeda's management in Takeda's internal control over financial reporting, as well as a statement that Takeda's independent registered public accounting firm has issued an opinion on Takeda's internal control over financial reporting. Pursuant to the instructions to Form 20-F, Takeda expects to include this report in its second annual report filed with the SEC following the effectiveness of this registration statement, which Takeda currently expects will be filed by no later than July 31, 2020. Takeda is still in the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404.

Neither Takeda's management nor any independent registered public accounting firm has ever performed a comprehensive evaluation of Takeda's internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act because no such evaluation has been required, and Takeda cannot be certain that material weaknesses in its internal control over financial reporting will not develop or be identified. Any failure to achieve and maintain adequate internal control over financial reporting or to implement required, new or improved controls, or

difficulties encountered in their implementation could cause material weaknesses or other deficiencies in Takeda's (and, if the Acquisition completes, the Combined Group's) internal control over financial reporting in the future. If Takeda (and, if the Acquisition completes, the Combined Group) is unable to successfully remediate any material weaknesses or other deficiencies in its internal control over financial reporting, the accuracy and timing of its financial reporting may be adversely affected and investors may lose confidence in its financial reporting, and the price of Takeda's ADSs may decline as a result. In addition, if the Combined Group is unable to continue to meet these requirements, the Combined Group may not be able to remain listed on the NYSE.

2. Risks relating to the New Takeda Shares

2.1 *Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions.*

The Takeda Articles, the Takeda Board regulations, the regulations of the Takeda audit and supervisory committee and the Japanese Companies Act govern Takeda's corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties, and shareholders' rights may be different from those that would apply to a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other jurisdictions. ADS holders may have more difficulty in asserting their rights as a shareholder than such holders would as shareholders of a corporation organised in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against the Combined Group in actions brought in Japan that are based upon the securities laws of other jurisdictions.

2.2 *Investors holding less than a full unit of shares will have limited rights as shareholders.*

The Takeda Articles provide that 100 Takeda Shares constitute one unit. In connection with the direct holding of Takeda Shares, the Japanese Companies Act imposes significant restrictions and limitations on holders of Takeda Shares that do not constitute a full unit. In general, holders of Takeda Shares constituting less than one unit do not have the right to vote with respect to those shares.

2.3 *US investors may have difficulty in serving process or enforcing a judgment against Takeda or Takeda's directors or executive officers.*

Takeda is a limited liability, joint stock corporation incorporated under the laws of Japan. Many of Takeda's directors and executive officers reside in Japan, Europe or elsewhere outside the United States, and a large portion of its assets and the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for US investors to effect service of process within the United States upon Takeda or these persons or to enforce against Takeda or these persons judgments obtained in US courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Japan, in original actions or in actions for enforcement of judgment of US courts, of liabilities predicated solely upon the federal securities laws of the United States.

2.4 *Takeda's shareholders of record on a given record date may not receive the dividend they anticipate.*

The customary dividend payout practice of publicly listed companies in Japan may significantly differ from that widely followed or otherwise deemed necessary or fair in foreign markets. Takeda ultimately has a discretion to determine any dividend payment amount to its shareholders of record as of a record date, including whether Takeda will make any dividend payment to such shareholders at all, only after such record date. For that reason, Takeda's shareholders of record on a given record date may not receive the dividends they anticipate.

3. Risks relating to the New Takeda ADSs (and CDIs representing New Takeda ADSs)

3.1 *A holder of New Takeda ADSs will have fewer rights than a shareholder has and such holder will have to act through the depositary to exercise those rights.*

The rights of shareholders under Japanese law to take various actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining a company's accounting books and records and exercising appraisal rights, are available only to holders of record. Because the Takeda Depositary, through its custodian, is the record holder of the shares underlying the New Takeda ADSs, only the depositary can exercise those rights in connection with the deposited shares. The Takeda Depositary will make efforts to vote the shares underlying the New Takeda ADSs as instructed by the Takeda ADS holders where required under the Takeda Deposit Agreement and will pay to the Takeda ADS holders the dividends and distributions collected from Takeda as provided for under the Takeda Deposit Agreement. However, in their capacity as a Takeda ADS holder, such holder will not be able to bring a derivative action, examine Takeda's accounting books or records or exercise appraisal rights. Further, CDIs representing New Takeda ADSs will not carry voting rights with respect to Takeda Shares.

3.2 *Because of daily price range limitations under Japanese stock exchange rules, a holder of New Takeda ADSs may not be able to sell his/her Takeda Shares at a particular price on any particular trading day, or at all.*

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

3.3 *Dividend payments and the amount you may realise upon a sale of New Takeda ADSs will be affected by fluctuations in the exchange rate between the US Dollar and the Japanese Yen.*

Cash dividends, if any, in respect of the Takeda Shares represented by New Takeda ADSs will be paid to the depositary in Japanese Yen and then converted by the depositary into US Dollars, subject to certain conditions. Accordingly, fluctuations in the exchange rate between the Japanese Yen and the US Dollar will affect, among other things, the US Dollar amounts a holder of New Takeda ADSs will receive from the depositary in respect of dividends, the US Dollar value of the proceeds that a holder of New Takeda ADSs would receive upon sale in Japan of the Takeda Shares obtained upon surrender of New Takeda ADSs and the secondary market price of New Takeda ADSs.

3.4 *Japanese tax treatment of CDIs representing New Takeda ADSs is unclear.*

Due to a lack of guidance from the Japanese tax authorities, it is not clear whether, for Japanese tax purposes, Shire Shareholders who have elected to receive CDIs representing New Takeda ADSs would be treated as the owners of the underlying New Takeda ADSs and, consequently, as the owners of the New Takeda Shares underlying those New Takeda ADSs. In particular, this could mean that Shire Shareholders may not be able to claim either (a) a reduction, pursuant to a double taxation convention, of the rate of 15.315 per cent. at which it is expected that tax will be withheld under Japanese law from dividends (or other distributions deemed to be dividends for Japanese tax purposes) made or paid by Takeda in respect of New Takeda Shares represented by New Takeda ADSs represented by CDIs or (b) a refund of such tax withheld in excess of the rate provided for in a double taxation convention, in each case where they would have been able to make the relevant claim had they held New Takeda Shares or New Takeda ADSs rather than CDIs representing New Takeda ADSs.

APPENDIX II

CORPORATE NOMINEE FACILITY TERMS AND CONDITIONS

EQUINITI

**Takeda Pharmaceutical Company
Limited Corporate Nominee Facility**

**Terms and Conditions
November 2018**

IMPORTANT:

These Terms and Conditions should be read in conjunction with the accompanying scheme document dated 12 November 2018 (the 'Scheme Document') containing the full terms and conditions of the Scheme of Arrangement. Unless the context otherwise requires, the definitions used in the Scheme Document also apply to these Terms and Conditions.

In accordance with the Scheme of Arrangement this agreement will end two (2) years from the Scheme Effective Date. After such time, any remaining shares will be sold and a Sterling cheque issued. For further details see Section 15.

Risk warnings

Investments made under these Terms and Conditions are in one company only and should therefore be considered as only one part of a balanced portfolio. The value of shares and any income from them can go down as well as up and you may not get back the amount of money you invest. Past performance is no guide to future performance.

Suitability and Appropriateness

If you are in any doubt about the suitability of this Service or investments held on your behalf under it, you should consult an authorised financial adviser. We will not assess the suitability or appropriateness of investments held for you or other services provided to you under these Terms and Conditions and you are not subject to the FCA Rules on assessing suitability and appropriateness. You agree that you have not asked for or received any advice from us and it is your decision to accept this Corporate Nominee Facility is suitable to your requirements.

About this agreement

This document sets out the terms and conditions under which we will act as your service provider in providing the Corporate Nominee Facility in connection with your shares in the Company. These Terms and Conditions will come into effect once we have accepted your application to hold the shares in our Corporate Nominee Facility. We reserve the right to refuse an application where that application is not validly made, and you must be aged 18 or over and resident in the UK, EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar in order to use this service.

Protecting your personal data

Our Privacy Notice explains how we use and protect your information within Equiniti FS, and how your enhanced rights apply from 25th May 2018. To read the latest version of our Privacy Notice and understand more about how Equiniti FS safeguards your data, please visit our Privacy Centre at:

privacy.equiniti.com

or contact us using the contact details in Section 1.

List of Charges

Annual Maintenance Charge	£5.25 (incl VAT) per annum (Please see Section 16 for further information)
Transfer into Nominee	FREE
Transfer out of Nominee	FREE
Duplicate Statement (in the post)	FREE
Confirmation of holding	
(a) on the internet	FREE
(b) by telephone	FREE
(c) in writing	FREE
Annual management fee for unclaimed payments where share balance is zero (see Section 16 for further information)	Max £5 (incl VAT) per annum

1. Contact Details and Definitions

1.1 When contacting Equiniti, you can telephone the Shareholder Helpline on:
0330 123 5506 (+44 121 415 0856 if calling from outside the UK)

A text phone is also available on:
0371 384 2255 (+44 121 415 7028 if calling from outside the UK)

Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Or write to us at:

The Manager, Equiniti Corporate Nominees Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA United Kingdom

Or you can send us your query securely by completing the online form at:
help.shareview.co.uk

1.2 In these Terms and Conditions, the following words have particular meanings:

- **the Company** means Takeda Pharmaceutical Company Limited.
- **Corporate Nominee Facility** means the service provided by us to eligible shareholders of the Company under these Terms and Conditions.
- **Custodian** means Nomura Bank (Luxembourg) S.A., (or any other company on

which we may decide in the future) which acts as custodian of the shares on behalf of Equiniti FS.

- **EEA** means countries in the European Economic Area.
- **Equiniti FS** means Equiniti Financial Services Limited, which is authorised and regulated by the **Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN, United Kingdom** (under reference 468631). The main business of Equiniti Financial Services Limited is investment and general insurance services, and its registered office is in the UK at **Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA**, registered in England and Wales no. 06208699. References to Equiniti Financial Services Limited also include any company to whom it transfers its rights and obligations in accordance with Section 12.
- **the Equiniti Group** means Equiniti FS, its subsidiaries and parent companies and any subsidiary of any of its parent companies.
- **FCA and FCA Rules** means respectively, the Financial Conduct Authority and rules made by the FCA which apply to the services provided by us to you, as amended from time to time.
- **NomineeCo** means **Equiniti FS** or any other company (whether or not in the Equiniti Group) on which we may decide in the future to hold shares on your behalf pursuant to the Corporate Nominee Facility.
- **Scheme Effective Date** means the date the Scheme of Arrangement becomes effective pursuant to its terms.
- **Scheme of Arrangement** means the scheme of arrangement to be made between Shire and the Scheme Shareholders (as defined in the Scheme Document) to implement the Acquisition of Shire by the Company.
- **Scheme Record Time** means 6.00 p.m. (London time) on the calendar day following the date of the Court Sanction Hearing (as defined in the Scheme Document)
- **shares** means shares of common stock of no par value in the Company received under the Scheme of Arrangement or pursuant to Section 3 of these Terms and Conditions and held by NomineeCo on behalf of you and/or other participants.
- **Shareview Portfolio** means the online portfolio service provided by the Equiniti Group where quarterly statements will be made available to you. Further information can be found at:
www.shareview.co.uk
- **Unclaimed payments** means any payments over twelve (12) months old that have been

issued to you in accordance with this agreement but have not been cashed.

- **we, our, us** means Equiniti FS. References to “we, our, us” also include any company to which we may transfer our rights and obligations in accordance with Section 12.
 - **you, your, customer** means:
 - you, the beneficial holder of shares in the Company, and
 - if there is more than one of you, all the joint holders jointly and individually, and/or
 - your personal representative(s).
- 2. The nominee service we will provide**
- 2.1 Your shares will be registered and held in the name of NomineeCo, a company that will hold your shares as we direct and for whose acts and omissions we will be responsible.
 - 2.2 NomineeCo holds your shares as nominee for you and you will remain the ‘beneficial owner’ of the shares. In other words, although the shares will be registered in the name of NomineeCo, it will hold them for you, so that you have the economic interest in the shares. This will continue to be the case even if NomineeCo becomes insolvent.
 - 2.3 Your shares will be held by NomineeCo in a pooled or omnibus account. We will keep a record of your shares but your individual holding may not be identifiable via separate share certificates or other paper or electronic proof of title. This means that in the event of a default (for example, if NomineeCo improperly fails to retain all of the assets entrusted to it), any shortfall in the investments registered in the name of NomineeCo may be shared pro rata by all the investors whose holdings are so registered.
 - 2.4 You will be classified for the purposes of the FCA Rules as a Retail Client. If however you would otherwise be classified under the FCA Rules as an Eligible Counterparty or a Professional Client, you may not necessarily have the rights of a Retail Client under the Financial Services Compensation Scheme.
For more information on complaints/compensation, please see Section 23.
 - 2.5 The Corporate Nominee Facility is only available if you have a registered address in the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar as at the Scheme Record Time (subject to Sections 13.2 and 13.3). For the duration of this agreement, you are also required to ensure that you are not subject to regulations that would oblige us or the Company to comply with any governmental or regulatory procedures or similar formalities beyond those that would ordinarily apply in the UK. You are responsible for making sure you can validly take part and for

complying with all necessary formalities. You should consult a professional adviser if you are in any doubt about whether you are going to need any governmental or other consent or to observe any other formalities in order to hold shares via our Corporate Nominee Facility.

3. Your dividends and other shareholder entitlements

The terms here in Section 3 will always apply except where a change in any laws or regulations, or agreements between us and the Company, prevent it.

- 3.1 Provided we have received the necessary funds from the Company, we will, subject to any instruction from you to the contrary as set out in Section 3.2, pay any amounts due to you in connection with your shares on the dividend payment date or other due date or as soon as reasonably practicable thereafter.

Equiniti FS will hold the cash on your behalf with a bank in a client money account which is segregated from any money belonging to Equiniti FS in our own right. You will not be paid interest on cash balances, and we will keep any interest earned or any equivalent fee that the bank in question pays us.

We will send you the money in Sterling (unless we make available a Company facility to receive the payment in a different currency) by electronic payment, or by other payment methods we may decide on from time to time, which could include a cheque if we do not have up-to-date bank details for you. To the extent we receive dividends or other shareholder distributions for you in Japanese Yen (or another foreign currency), we may convert it into Sterling at the applicable exchange rate on the day we make the conversion. Unless you instruct us otherwise, we will continue to observe any bank mandates or other instructions you have given us or Equiniti Limited concerning your shares.

- 3.2 We may make available a service to enable you to:
- reinvest any sums receivable on your shares by way of a distribution or dividend by purchasing more shares in the Company; or
 - receive new shares instead of a cash dividend if declared by the Board of the Company; or
 - receive any sums receivable on your dividend in any alternative payment method made available by the Company.

Provided your instruction as to how you wish to receive your dividend has been processed (subject to the Terms and Conditions), and the necessary shares or funds have been received by us, we will reallocate them to you, subject to these Terms and Conditions.

Where a transaction results in you being entitled to a fraction of a penny which cannot be remitted to you at the time we would normally remit money to you, you consent to us releasing any such amount to a registered charity of our choice, for or on your behalf. Accordingly, you agree that we will not remit that amount to you, nor hold it as client money for you, and you shall not have any claim, proprietary or otherwise, over such amount following payment to the charity.

- 3.3 All cash balances will be held by us as client money under the FCA Rules and as follows:
- we will deposit the cash in the UK or EEA with a suitably authorised bank or other financial institution that is regulated and has permissions within the UK or an EEA country to provide services to hold deposits and other client monies;
 - the bank will hold the cash on our behalf in a trust account separate from any account used to hold money belonging to us or NomineeCo in our own right. Client monies will be pooled with client money of our other customers. Equiniti is committed to holding its client money with banks which are well capitalised as this better spreads the risk of any default by these institutions which could impact our customers;
 - we will not, however, be responsible for any acts or omissions of the bank; and
 - if the bank becomes insolvent, we will have a claim on behalf of our clients against the bank. If, however, the bank cannot repay all of its creditors, any shortfall may have to be shared pro rata between them.

If we are holding cash, we may withdraw the cash, any withdrawal will be applied towards paying fees, charges and other sums due and payable to us, as set out in these Terms and Conditions and in accordance with FCA Rules. If there has been no movement on your balance for at least six (6) years (notwithstanding any payments or receipts of charges, interest or similar items), then provided we have taken reasonable steps to trace you and to return the monies we may cease to treat that money as client money and pay to a charity of our choice. We undertake to make good any valid claims against any released monies.

In accordance with FCA Rules, we are able to deposit some client monies with banks under unbreakable term deposit arrangements or notice periods of up to ninety five (95) days. In the unlikely event of any issues experienced by us or any banks holding your client money it may take longer to return money to you. This does not in any way affect your ability to withdraw

- funds from your account or undertake any transactions under normal conditions.
- 3.4 If the law obliges us to deduct tax from any payment owing to you, we will only send you the net amount after the required deduction has been made. If you are in any doubt as to your taxation position you should consult your own professional adviser immediately.
- 3.5 If you need us to send a replacement payment there may be a fee to pay.
Details of our standard fees when issuing replacement payments can be found at:
www.shareview.co.uk/clients/paymentreissue
Any fee will be deducted from the replacement payment being sent to you.
- 3.6 If there is a rights issue in the Company or similar corporate action, we will, if possible, make arrangements for you to take up your rights in the Company in return for the necessary payment and/or provide instructions to us as to whether those rights should be held or sold. We will write to you if the Company proposes to issue such rights and explain the procedure you should follow if you wish to participate, as well as any costs or fees you may be charged for doing so. If you would like us to take up those rights on your behalf, we must receive your cleared payment of that sum, whether in Sterling or another currency, in time for the due payment date or any other deadline we notify you about. Where it is not practicable for you to take up your rights, we will where practicable and possible make arrangements for the sale of such rights in the market (or off market to the Company or third party at our discretion) and the distribution of the proceeds of such a sale.
- 3.7 If there is a capitalisation issue, or other distribution made up of additional shares in the Company, we will, if possible, make arrangements for you to accept. We will write to you if the Company proposes to make such a distribution and explain the procedure you should follow if you wish to participate.
- 3.8 In the event of a demerger, capital reorganisation or restructuring of the Company, we will assess what to do and contact you at the time. We will not be obliged to take any action unless the Company gives us reasonable notice and pays any costs we may incur.
These are two possible courses of action:
- if the resulting company offers a nominee service, we will normally send you their terms and conditions and, unless you tell us otherwise, include your shares in that alternative nominee service; or
 - if no nominee service is offered, we will normally try to arrange for you to hold shares in the resulting company under the terms governing the demerger or restructuring.
- 3.9 If there is a takeover or other offer for your shares, we will not accept it unless we have your specific instructions to do so, or if the shares are being acquired compulsorily. On your behalf we will accept any compulsory purchase notices concerning your shares. In these circumstances we will accept a cash offer if this is one of the available alternatives. We will not, however, be liable for any resulting tax or other financial liability.
- 3.10 If for any reason, any shares in the Company are allocated to NomineeCo, we will reallocate them to eligible customers, who qualify on the Company's determined qualifying date. Reallocation will be on a pro rata basis whereby the eligible customer's share balance will be divided by all eligible customers' share balances and multiplied by the number of Company allocated shares.
If there are any fractional shares, less than whole shares, these will be aggregated and sold with the net proceeds being paid in cash to eligible customers with fractions using the same pro rata method described above.
- 3.11 Where after the application of 3.10 any fractional shares or fractional amounts of cash of less than a penny remain which cannot be remitted to you at the time we would normally remit money to you, you consent to us releasing any such amount to a registered charity of our choice, for or on your behalf. Accordingly, you agree that we will not remit that amount to you, nor hold it as client money for you, and you shall not have any claim, proprietary or otherwise, over such amount following payment to the charity.
- 3.12 We will supply to you any other information required to be sent to you by us under applicable law or regulation.
- 3.13 The Company may send you the summary financial statements they send to all their shareholders. If they fail to do so, we cannot be held responsible. But if you contact us, we will do our best to send you a copy of the full annual review and accounts – so long as we can get enough copies from the Company.
- 4. Voting at Company General Meetings**
- 4.1 We will endeavour to arrange for you to attend and vote at general meetings of the Company, so far as this is reasonably practicable and possible.
- 4.2 You may also authorise NomineeCo to vote for you at a Company general meeting in the way you wish. Any instructions you want to give us regarding your vote must reach us at least five (5) working days before the meeting in question – unless we notify you otherwise. We may, at our

- absolute discretion, agree to accept voting instructions electronically or by telephone. In the absence of specific instructions from you, the votes attached to your shares will not be used at all.
- 4.3 Notwithstanding paragraphs 4.1 and 4.2, you acknowledge that the Company operates a unit shares system in line with Japanese listing requirements, with one unit being 100 shares of the Company. To the extent you provide us with voting instructions with respect to a partial unit of shares, we will endeavour to aggregate your voting instructions with other voting instructions received to enable the maximum number of votes to be exercised.
- 5. Keeping you informed about your holding**
We will send you a paper statement as soon as you join the Corporate Nominee Facility. On a quarterly basis we will make available a statement within your Shareview Portfolio. If you would like this in paper format details of how to request this will be made available on your statement notification. You can also request more frequent paper statements. Please contact us using the contact details in Section 1 for details of the charge for this service. If you need us to confirm your holding in writing at any other time, there may be a fee to pay. But you are welcome to check your holding at any time on our website at:
www.shareview.co.uk
- 6. Adding to your holding**
Subject to Section 3, only shares issued as a result of the Scheme of Arrangement can be held under these Terms and Conditions. It is not possible to transfer any other shares into the Corporate Nominee Facility.
- 7. Dealing in your shares**
- 7.1 A share dealing service will be made available to you in respect of your shares. If you want to use it to sell your shares, we will act on the instructions of the share dealing service providers nominated on your behalf by the Company. For further details, please contact us. In this case, the share dealing will be governed by the terms and conditions between you and the share dealing service providers from time to time – you can ask for a copy of the share dealing terms and conditions by getting in touch with us directly.
- 7.2 If you want to use the services of a share dealing service provider other than that of those nominated by the Company, we will first need to transfer your shares to you or to a third party of your choice. So if you plan to use an alternative share dealing service provider, please let us know and we will send you the transfer form to complete.
- 7.3 Share dealing charges will vary from time to time. Please contact us for details of the share dealing service providers and their up-to-date fees and charges or how to obtain them.
- 8. Tax**
- 8.1 You will be responsible for paying any taxes or duties due in connection with your shares, including but not limited to, any tax on the income received in respect of your shares or on any capital gains from disposing of your shares. We will not be liable for them. If you are in any doubt as to your taxation position you should consult your own professional adviser immediately. Your own tax treatment will depend on your individual circumstances.
- 8.2 **Our policy on correcting any shortfalls in money or assets held on behalf of customers**
Regardless of all the controls and measures we have, there can be instances when shortfalls in money or assets can occur. Sometimes such shortfalls last for less than a single working day but occasionally they may last for a longer period. In accordance with the principles and rules set by the FCA we will ensure there is adequate protection for customers' assets when we are responsible for them. A key measure in ensuring and demonstrating such protection is the reconciliation of all money and assets due to our customers. Such reconciliation includes the correction of any shortfalls in the money and/or assets due to customers that may be identified, using our own funds and resources where necessary. This policy ensures that no customer would be disadvantaged should they request an immediate return of their money and/or assets or if it becomes necessary for us to return all money and assets to customers. For all money held on behalf of customers we use controls, during each business day, to monitor these balances and provide same day funding for any identified shortfalls (i.e. we ensure that the total amount of money actually held for customers in a segregated 'client money' bank account is equal to the total amount of money due to customers as per our internal customer account records). The funding by us of any shortfalls that may occur will remain in place until such time as the reason for the shortfall has been identified and corrected. We also monitor all assets (i.e. stock) held in custody for customers during the normal course of business each day to ensure these equal the total assets due to customers as per our internal customer account records. In the event a

shortfall is identified, we will instigate the following actions:

- (a) Establish if this has arisen as a result of a routine timing issue which will address the shortfall in due course and monitor this through to completion.
- (b) If the shortfall is not as a result of a routine timing issue, we will establish the most recently available market valuation of the asset and credit the 'client money' bank account with the equivalent cash value of the shortfall.
- (c) Ensure that our records clearly show which customers may be impacted by the asset shortfall (these customers will be entitled to claim against this cash provision in the event that Equiniti FS were to become insolvent before the asset shortfall is resolved).
- (d) Where we ascertain that the delivery of assets will occur in due course to address the shortfall, then we will maintain an equivalent cash position in the 'client money' bank account until such time as these assets are delivered. This cash amount will be reviewed during each business day against the relevant market value of the assets and adjusted accordingly. We may apply an additional and appropriate margin to this valuation where the asset type is held on an overseas market which is open outside of normal UK business hours.
- (e) Where we ascertain that the delivery of the stock to correct the shortfall is unlikely to occur or will not occur then we will arrange to purchase the relevant asset in the market to correct the shortfall. The equivalent cash value placed into the 'client money' bank account will remain in place until the trade has settled and the stock amount is represented in the overall customer asset position.

9. Joint holders and trusts

- 9.1 NomineeCo may hold shares for up to four joint holders.
- 9.2 Normally we will only accept instructions that have been consented to by or on behalf of all joint holders. We may, however, always at our sole discretion, agree to act on instructions signed by one or more joint holders – rather than by every one of you. We will not be liable for any loss a joint holder may suffer as a result.
- 9.3 We and NomineeCo cannot and will not take formal notice of any trust affecting the shares, whether express, implied or constructive.

10. The security in your shares

- 10.1 Your shares will not be lent to, nor deposited as collateral with, a third party. No money will be borrowed by us against the security of your shares.
- 10.2 You must not assign or transfer your interest in the shares to anyone else or borrow money against the security of your shares. Neither we

nor NomineeCo will be bound to take notice of, nor arrange to carry out, any trust, mortgage, charge, pledge or claim in favour of anyone else. We may decline any notice we receive concerning the right, title, interest or claim of anyone else to an interest in your shares, except when that interest has arisen through bankruptcy, court order or death.

11. Communications between you and us

11.1 Any communication or agreement between you and us under these Terms and Conditions must be in the English language. We will always communicate with you in English.

11.2 Please address all letters, instructions, notices, and other documents for us to the address detailed in Section 1.

Until your communication actually reaches us at this address, we will not be able to treat it as officially received, nor to act on it.

You must send us any instructions or notices in writing – and we need an original paper document please, not a fax or email. In a few special circumstances and at our sole and absolute discretion we may be able to waive the requirement for your instructions to be in writing.

11.3 All quarterly statements will be added to your Shareview Portfolio and will not be sent by post (unless you have instructed us in accordance with Section 5).

In addition, we will have discretion to make available to you through your Shareview Portfolio any other notices or documents related to this service.

For example, we may advise you via the Shareview Portfolio of dividend payment confirmations or amendments to our Terms and Conditions, rather than sending this information to you (and all other users of our Corporate Nominee Facility) individually by post. An exception to this is where amendments to our Terms and Conditions are material and we are required to contact you directly giving you prior notice as per Section 17.

All email notifications will be sent to holders using the latest valid email address provided. Where we choose to use paper communication we will continue to address all payments, notices and other documents to the sole or first-named joint holder at the address on our register, or the holder and address given to us most recently for correspondence purposes.

If you provide us with an email address but subsequently decide that you do not want us to communicate with you by email or using a website, please send us a letter in the post stating this and we will resume using the last postal address we have for you.

We may choose not to send out a document if we have reason to believe its distribution in your country may be forbidden by law.

- 11.4 Everything we send you is at your own risk, including any cheque or electronic payments. If we are unable for any reason to send you a payment electronically, we will send it by cheque instead.
- 11.5 We cannot take any part in, nor take any responsibility for, arrangements between joint holders over sharing information or accounting among themselves.
- 11.6 If there should be any dispute or court proceedings concerning your shares or your beneficial interest in them, you must let us know as soon as practicable. If we become aware of a dispute between you and a third party, or between any joint holders, over ownership of the shares, we may decide that we must see an agreement signed by the disputing parties or a court order before we can act on any further instructions. If an agreement or court order of this kind is ever made affecting your shares, you agree to supply us with a copy as soon as possible afterwards.
- 11.7 If communications from us to you are returned by the Post Office marked 'Gone Away', or if, for any other reason, it is our reasonable belief that you no longer live at the address that you have registered with us, we will stop sending communications to you and will attempt to re-establish contact. In order to do this, we will write to your last known address seeking information about your current whereabouts. If you have a dividend mandate instruction in place, we will also write to your bank asking them to forward our contact details on to you. If we are still unable to re-establish contact with you, we may instruct a professional tracing agent to locate and make contact with you. If the tracing agent is successful, and you contract with them to use their services, they may charge you. If we have reason to believe your email address is invalid we will stop sending electronic communications and will resume using the last postal address we have for you. Your quarterly statements will continue to be made available to you in accordance with Section 5.

12. Transferring our obligations

In accepting these Terms and Conditions you agree that we may transfer our obligations under this agreement to any other company, if that other company writes to you and undertakes to carry out all our duties and obligations under this agreement. If it does so, you agree that we will be released from all those duties and obligations that such company has undertaken to carry out.

We shall satisfy ourselves that any such company is competent to carry out those functions and duties transferred and is regulated to do so by the FCA, if such regulation is required. As part of transferring our rights and obligations to a third party, we may transfer all of the cash, investments and information we hold under these Terms and Conditions to that third party or its nominee. Where funds are held by us as client money the third party will continue to hold this as client money. If you receive a written notice under this Section, and you decide you wish to end this agreement, you may do so by sending us instructions as explained in Section 13. No charge will be payable by you for this if your instructions reach us within one month of the date of the written notice.

13. Ending this agreement

- 13.1 You may cancel this agreement at any time by letting us know in writing. This is in addition to your legal right to cancel this agreement within fourteen (14) days of the agreement between us being made. Your cancellation letter will take effect as soon as we receive it, although this will not prevent the completion of any transactions that are already under way. The normal charges will be made for these transactions.
- 13.2 If you have asked to cancel this agreement, or you are no longer eligible to hold your shares in our Corporate Nominee Facility (i.e. you change address to outside the EEA, Channel Islands, Isle of Man, Switzerland or Gibraltar), you will need to provide a valid instruction to transfer your shares back into your own name, to transfer your shares to a third party of your choice, or to sell your shares. All transactions are subject to the usual fees unless otherwise notified.
- 13.3 If this agreement is terminated in accordance with Section 15, we will procure that any remaining shares held on your behalf through the Corporate Nominee Facility are sold in accordance with the Sales Policy and the net proceeds of the sale (converted into pounds Sterling and after deductions specified in the Sales Policy) be remitted to you in pounds Sterling by way of cheque drawn on a branch of a UK clearing bank.

14. Notification of death

The rights to your shares pass to your legal representatives on your death. To register the death we will need to see the original UK Grant of Representation, or a sealed office copy (we are not able to accept certified copies). This could be:

- Grant of Probate;
- Letters of Administration; or
- Certificate of Confirmation (Scotland).

If the relevant shares are held on behalf of more than one person, and after the event the shares are to be held on behalf of the other person(s) then we will arrange for the shares to be transferred into their name(s) to remain in the Corporate Nominee Facility.

In order to complete the transfer of shares into new name(s) after the event, we may need to request additional information and until this information is available the shares will continue to be held in the original name(s).

15. Terminating our Corporate Nominee Facility

15.1 Subject to Section 15.2, this agreement will terminate:

- (a) automatically two (2) years from the Scheme Effective Date;
- (b) by us giving you three (3) months' notice where a change in applicable law or regulation means that we are precluded from providing the Corporate Nominee Facility to you; or
- (c) automatically if you no longer hold any shares in the Corporate Nominee Facility and any outstanding dividends or other entitlements have been cashed in accordance with your instructions.

15.2 Notwithstanding Section 15.1, in the event that this agreement terminates in accordance with Section 15.1 (a) or 15.1 (b), any such termination shall be without prejudice to the continuation of Sections 2, 3, 8, 10, 11, 13.3, 14, 18 to 23 (inclusive) and this Section 15.2 until such time that: (i) we have sold any remaining shares which are held on your behalf through the Corporate Nominee Facility; and (ii) we have remitted the net proceeds of such sale (converted into pounds Sterling and after deductions specified in the Sales Policy) to you, in each case in accordance with Section 13.3.

16. Charges for our Corporate Nominee Facility

We may charge fees for some other services provided under this agreement.

We will not charge you for holding your shares in our Corporate Nominee Facility and taking care of much of the administration. Details of fees are set out in these Terms and Conditions.

The Annual Maintenance Charge for holding your shares via our Custodian may be waived at our sole discretion.

We may review these charges from time to time.

We may charge an annual management fee (which we will notify to you in advance of the fee being applied) if we no longer hold any shares on your behalf under this agreement but continue to hold unclaimed payments which have been previously notified to you. We will withdraw this from your unclaimed payments up to the maximum stated in these Terms and Conditions. We will let you know in writing before we change any of our fees under these Terms and

Conditions (see also Section 17). If at any time you would like an update on our fees they are available from us on request.

In addition to the charges outlined above, we receive fees from the Company sponsoring the service. The Company sponsors this service so that you can benefit from holding your shares in an electronic account at low cost. The fees charged to the Company reflect the size, complexity and value of the service and the overall relationship with the Company. We also receive fees from brokers with whom the Company has set up arrangements for you to sell your shares or buy additional shares. These fees are charged by us for trade settlement and register access administration.

The broker should give you details of these fees at the time of your trade. More information about these fees is available on request.

17. Changing this agreement

We may change these Terms and Conditions from time to time in order to:

- comply with changes in law or regulation;
- correct inaccuracies, errors or ambiguities;
- take account of any corporate reorganisation inside our group of companies or a transfer of our rights, benefits and/or obligations under these Terms and Conditions to a third party; and/or
- reflect changes in the scope and nature of the service we are able to provide, having regard to:
 - our agreement with the Company;
 - our computer or database systems;
 - our administrative procedures and routines; and/or
 - market practice and overall customer requirements.

If we intend to change the Terms and Conditions and the alteration is material, we will give you at least sixty (60) days' advance written notice of the alteration, unless such changes are required by law or regulation to be effected earlier, or it is otherwise impracticable to do so.

See also Section 11.3 as to when we may use email or a website to provide you with such notice.

Remember also, if you do not like an alteration that we propose to make to these Terms and Conditions, that you have a right to leave the Corporate Nominee Facility at any time by following the procedure in Section 13.

18. The extent of our liability

18.1 We will not be responsible for any losses or expenses you incur under this agreement, unless caused by our breaching FCA Rules, or our fraud, wilful default or negligence.

Even in the event of our wilful default or negligence, to the fullest extent permitted by

- law, we will not be liable for any loss attributable to a failure by you to let us know about address or name changes, other changes in personal details, or bankruptcy, or any problem or defect in your ownership or title to the shares (unless caused by us).
- 18.2 Neither we nor NomineeCo act as agent for the Company or accept any responsibility for anything the Company does or does not do.
- 18.3 Neither we nor NomineeCo will be responsible for:
- acting in accordance with a court order (of whatever jurisdiction) or failing to act in accordance with a court order about which we have not been notified;
 - forged or fraudulent instructions. So long as we have shown all due care, we will be entitled to assume:
 - that signatures that purport to be yours are genuine; and
 - if we have agreed to accept a particular instruction over the phone or by email, that the caller's or emailer's identity is genuine – unless it ought to be obvious to anyone that it is not;
 - any kind of loss or damage you suffer in the event of 'force majeure' – meaning any failure, interruption or delay in the performance of our obligations because of:
 - industrial disputes;
 - the malfunction or failure of any telecommunications or computer service;
 - the failure of third parties to carry out their obligations;
 - the activities of government or international authorities, including changes in law or regulations; and/or
 - any other event or circumstance not within our reasonable control provided, where relevant, that we have complied with the FCA Rules on business continuity. If this type of situation arises, however, we will remedy the situation as soon as reasonably possible; or
 - any indirect, special or consequential loss (including direct or indirect loss of profit), other than where this results from fraud or a breach of the Conduct of Business Sourcebook or Client Assets Sourcebook in the FCA Rules on our part.
- 18.4 We and NomineeCo reserve the right to delay acting on any particular instruction you give us, in order that we can get additional information from you, and/or comply with any law or regulations, and/or investigate the validity or any other aspect of the instruction. Neither we nor NomineeCo will be responsible for any financial loss resulting from such a delay.
- 18.5 Neither we nor NomineeCo will be responsible in any way to anyone for any shortfall that might arise because we are accountable for tax on any of the shares, or any part of the shares, or on any income or capital distribution or other payment they produce, or from any sale proceeds. In order to comply with any tax liabilities of this kind that might arise, we will be entitled to recover the money by making deductions from the income arising from your shares, or by selling any or all of the shares and making deductions from the proceeds.
- 18.6 We and NomineeCo will be entitled to make any agreement with, or give any undertakings to, any tax authority as regards the taxation status of the transactions made under this agreement, and do everything necessary to abide by any such agreement or undertakings.
- 18.7 We and NomineeCo may do, or stop doing, anything that, in our reasonable opinion, is necessary in order to comply with any laws, rules, regulations or the requirements of any regulatory or other body that are binding on us.
- 18.8 We reserve the right to correct your shareholding, at our expense, without reference to you, if we discover we have made an error, and will notify you (where relevant) of any correction made. In the event that we make an error on your shareholding and realise a financial gain in putting your shareholding back in the correct position we will retain this.
- 19. Indemnifying us**
- 19.1 You agree to indemnify us and NomineeCo and our respective agents, officers and employees for any liabilities we incur arising from anything done by us in the proper performance of our duties in accordance with this agreement in relation to your shares, except for liabilities that are the result of our or NomineeCo's, or our or NomineeCo's respective agents, officers or employees, wilful default, negligence or fraud or a breach of the FCA Rules.
- 19.2 Your obligations under this indemnity will survive even in the event of:
- complete or partial termination of this agreement, or
 - our or NomineeCo's resignation or replacement.
- 19.3 If you are liable under the terms of this agreement to pay us a sum of money and the law requires tax to be deducted or withheld from that sum, you must pay us enough to cover both your liability and the tax sum involved in full. We and you agree to make any payments and adjustments necessary to achieve this.
- 20. Conflicts of interest**
- 20.1 We have organisational and administrative arrangements in place, that are intended to prevent conflicts of interest from adversely

affecting the interests of our clients. So, we take all appropriate steps to identify and prevent or manage conflicts of interest:

- (a) between us and our clients; and
- (b) between one client and another, that arise in the course of providing an investment and/or ancillary service.

If these arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to you will be prevented, we will tell you about the nature and/or sources of conflicts of interest, and the steps we have taken to mitigate these risks, in providing these services.

20.2 You will find full details of our Conflicts Policy on our website at:

www.shareview.co.uk/info/policies

or you can request a printed copy by contacting us using the contact details in Section 1.

20.3 At the time of the issue of this document no material conflicts of interest were identified which could not be managed in accordance with Section 20.1.

21. Governing law

These Terms and Conditions are governed by English law. Any disputes relating to the agreement between us will be subject to the jurisdiction of the courts of England and Wales.

22. No third party rights

This agreement is only between you and us. It will not give any benefits to, nor be enforceable by, a third party.

23. Complaints and compensation

If you have a complaint of any kind, please be sure to let us know. We will do our utmost to resolve the issue. You can put your complaint in writing to us at:

**Complaint Resolution Team, Equiniti
Financial Services Limited, Aspect House,
Spencer Road, Lancing, West Sussex,
BN99 6DA United Kingdom**

or email us at:

concerns@equiniti.com

or call us using the contact details in Section 1.

If we cannot resolve the issue between us, you may – so long as you are eligible – ask the independent Financial Ombudsman Service to review your complaint.

A leaflet with more details about our complaints procedure is available – you are welcome to ask us to supply you with a copy at any time.

We are a member of the Financial Services Compensation Scheme, set up under the Financial Services and Markets Act 2000.

If we cannot meet our obligations, you may be entitled to compensation from the Financial Services Compensation Scheme. This will depend on the type of agreement you have with us and the circumstances of the claim. For example, the Financial Services Compensation Scheme covers

corporate sponsored nominees, individual savings accounts and share dealing.

Most types of claims for FCA regulated business are covered for 100% of the first £50,000 per person.

This limit is applicable to all assets with Equiniti FS.

For more details about the Financial Services Compensation Scheme, you can call their helpline:

0800 678 1100 or +44 207 741 4100

or go to their website at:

www.fscs.org.uk

or write to them at:

**Financial Services Compensation Scheme
10th Floor, Beaufort House, 15 St Botolph
Street, London EC3A 7QU United Kingdom**

Alternative Formats

To request these Terms and Conditions in an alternative format, for example, large print, braille, or an audio tape, please contact us using the contact details in Section 1.

APPENDIX III

STATEMENT ON QUANTIFIED FINANCIAL BENEFITS

Takeda has made the following quantified financial benefits statement in paragraph 4 of Part II (Explanatory Statement) of this document (the “**Quantified Financial Benefits Statement**”):

“The Takeda Directors expect recurring pre-tax cost synergies for the Combined Group to reach a run-rate of at least \$1.4 billion per annum by the end of the third fiscal year following completion of the Acquisition. Takeda expects these anticipated synergies to accrue as a direct result of the Acquisition and that they would not otherwise be achieved on a standalone basis.

Significant recurring cost synergy potential

The constituent elements of quantified cost synergies, which are expected to originate from the cost bases of both Shire and Takeda, include:

- **Manufacturing and supply:** *approximately four per cent. of the identified cost synergies are expected to be generated from savings from in-sourcing Oral Solid Dose manufacturing through Takeda excess capacity, efficiencies in operational procurement spend and reduced overheads;*
- **R&D:** *approximately 43 per cent. of the identified cost synergies are expected to be generated from removal of duplicated R&D costs, through rationalising ongoing research and early stage pipeline programs to optimise value of R&D spend and reducing overlapping resources; and*
- **Sales, marketing and administrative efficiencies:** *approximately 53 per cent. of the identified cost synergies are expected to be generated from the reduction of overlapping marketing presence in gastroenterology (GI) and neuroscience, consolidation of overlapping office locations, the elimination of duplicated IT systems, the optimisation of marketing and sales employee and non-employee costs and the reduction of duplicate costs across central support functions.*

Realisation costs and cost dis-synergies

The Takeda Directors expect the realisation of the quantified synergies will require estimated one-off cash costs of approximately \$2.4 billion incurred in the first three fiscal years following completion of the Acquisition.

The Takeda Directors do not expect any other material cost dis-synergies to arise in connection with the Acquisition.”

Further information supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below.

Bases of belief for the Quantified Financial Benefits Statement

Synergy planning commenced in advance of the first approach by Takeda to the Shire Board, when a Takeda synergy team was established to evaluate and assess the potential synergies available from the Acquisition and undertake an initial planning exercise.

The Takeda synergy team has engaged with senior subject matter experts in the R&D, manufacturing, finance and commercial functional areas within the Takeda organisation to provide input into the development of the cost synergy plan and identification of potential savings. This has included input from the Takeda executive leadership team.

In preparing a detailed synergy plan, the Takeda synergy team has also worked alongside and with the support of external consultants engaged by Takeda.

In preparing the Quantified Financial Benefits Statement, both Takeda and Shire have shared certain operating and financial information to facilitate an analysis in support of evaluating the potential synergies available from the Acquisition. In circumstances where data has been limited for commercial or other reasons, the Takeda synergy team has made estimates and assumptions to aid its development of individual synergy initiatives. The assessment and quantification of the potential synergies have in turn been informed by Takeda management's industry experience and knowledge of the existing businesses.

The baseline used for the quantified cost synergies is Shire's budgeted cost base for the financial year ended December 31, 2018, supported where relevant by certain information from Takeda's cost base for the financial year ended March 31, 2018 and Takeda's budgeted cost base for the financial year ending March 31, 2019.

In general, the synergy assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated synergy benefit set out above.

In arriving at the Quantified Financial Benefits Statements, the Takeda Directors have assumed:

- no material change in macroeconomic, political or legal conditions in the markets and regions in which Takeda or Shire operate that materially impact on the implementation or costs to achieve the proposed cost savings;
- no material impact on the underlying operations of either company or their ability to continue to conduct their businesses;
- no material change in current foreign exchange rates;
- no change in tax legislation or tax rates or other legislation or regulation in the countries in which Takeda and Shire operate that could materially impact the ability to achieve any cost savings; and
- the completion of the disposal of the oncology business by Shire, as announced by Shire on April 16, 2018.

Reports

The Takeda Board believes that the Combined Group should be able to achieve the synergies set out in the Quantified Financial Benefits Statement.

As required by Rule 28.1(a) of the Takeover Code, Deloitte LLP, as reporting accountants to Takeda, and Evercore, J.P. Morgan Cazenove and Nomura, as financial advisers to Takeda, have provided the reports required under that Rule.

Copies of the reports were set out in the Rule 2.7 Announcement.

Confirmation of validity

The Takeda Directors have confirmed that:

- there have been no material changes to the Quantified Financial Benefits Statement since May 8, 2018 and the Quantified Financial Benefits Statement remains valid; and
- each of Deloitte LLP, Evercore, J.P. Morgan Cazenove and Nomura has confirmed to Takeda that their respective reports produced in connection with the Quantified Financial Benefits Statement continue to apply.

Notes

1. The statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, or those achieved could be materially different from those estimated.

2. No statement in the Quantified Financial Benefits Statement, or this Announcement generally, should be construed as a profit forecast or interpreted to mean that Takeda's earnings in the full first full year following the Acquisition, or in any subsequent period, would necessarily match or be greater than or be less than those of Takeda and/or Shire for the relevant preceding financial period or any other period.
3. Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting cost savings may be materially greater or less than those estimated.

APPENDIX IV

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

An unaudited pro forma condensed combined financial statements reflecting the following:

- (a) the Acquisition;
- (b) the financing obtained by Takeda to fund the cash portion of the Consideration; and
- (c) the issue of New Takeda Shares to Shire Shareholders at the Scheme Record Time,

(the “**Transactions**”) is included in paragraph 5.1 of Part II (Explanatory Statement) of this document.

This Appendix IV sets out the notes to the unaudited pro forma condensed combined financial statements.

Basis of preparation

The unaudited pro forma condensed combined statement of financial position as at March 31, 2018 and the unaudited pro forma condensed combined statements of income for the year ended March 31, 2018 reflect adjustments that are: (i) directly attributable to the Transactions; (ii) factually supportable; and (iii) with respect to the pro forma condensed combined statement of income, expected to have a continuing impact on the combined results following the consummation of the Transactions.

The unaudited pro forma condensed combined statement of financial position has been prepared by combining Takeda’s statement of financial position as of March 31, 2018 and Shire’s balance sheet as of December 31, 2017 and applying the pro forma adjustments described below. The unaudited pro forma condensed combined statement of income has been prepared by combining Takeda’s statement of income for the year ended March 31, 2018 and Shire’s for the year ended December 31, 2017 and applying the pro forma adjustments described below. Management has elected to combine the historical financial information based on the respective fiscal year end of each company, as permitted by the SEC. The historical Shire balance sheet and income statement have not been updated for any significant events that may have occurred between December 31, 2017 and March 31, 2018. In addition, the historical financial information of Shire has been prepared based on US GAAP, which has been converted to IFRS and Takeda’s accounting policies. The pro forma condensed combined statement of financial position has been prepared assuming completion of the Acquisition occurred on March 31, 2018 and the pro forma condensed combined statement of income has been prepared assuming completion of the Acquisition occurred on April 1, 2017.

The pro forma adjustments for the Transactions are made on the basis that it is a business combination that is accounted for under the acquisition method of accounting in accordance with IFRS 3, Business Combinations. Accordingly, Takeda has estimated the fair value of Shire’s assets acquired and liabilities assumed and conformed Shire’s accounting policies to its own for material policy differences and based on available information.

The unaudited pro forma condensed combined financial statements have been prepared by Takeda based upon currently available information and assumptions deemed appropriate by Takeda management and for informational purposes only and should be read in conjunction with Takeda’s and Shire’s financial statements. The preparation of these unaudited pro forma condensed combined financial statements requires management to make estimates and assumptions deemed appropriate. The unaudited pro forma condensed combined financial statements are not intended to represent, or be indicative of, the actual financial position and results of operations that would have occurred if the Transactions described below had been affected on the dates indicated, nor are they indicative of Takeda’s future results.

Pro forma adjustments

- (A) The historical financial statements of Shire were prepared in accordance with US GAAP and prepared in US Dollars. The historical Shire financial information presented in the pro forma condensed combined financial information has been conformed from Shire's historical financial information to IFRS and Takeda's accounting policies for material accounting policy differences based on information available at the time of preparation and converted to Japanese Yen. A reconciliation of the historical Shire financial information to the Shire financial information based on IFRS and the foreign currency rates used to convert the historical financial statements to Japanese Yen are presented in Note K below.

Based upon the available information, Takeda is not aware of any additional accounting policy differences that would have a material impact on the unaudited pro forma condensed combined financial information and that have not been reflected in the conversion shown in Note K below. Takeda will review Shire's accounting policies subsequent to completion of the Acquisition in more detail. As a result of that review, Takeda may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the unaudited pro forma condensed combined financial information.

- (B) Reflects the preliminary purchase price allocation among assets acquired and liabilities assumed as set forth below (in millions of JPY):

	<u>Amount</u>
Estimated purchase price:	
Cash	3,099,271
Takeda Shares	3,357,528
Total (i)	<u>6,456,799</u>
Preliminary estimate of assets acquired and liabilities assumed (ii)	
Net assets of Shire at December 31, 2017	4,100,323
Less: Cash for estimated transaction expenses (note C)	(24,126)
Less: Historical goodwill	(2,238,458)
Less: Historical intangible assets	(3,744,677)
Adjusted net book value of liabilities assumed	(1,906,938)
Increase inventory to fair value	451,998
In-process research and development at fair value	280,535
Other identifiable intangible assets at fair value	5,262,837
Increase property, plant and equipment to fair value	37,479
Deferred tax impact of fair value adjustments (ii)(b)	(581,156)
Cash settled share-based award liability (iii)	<u>(114,391)</u>
Preliminary allocation to goodwill	<u>3,026,435</u>

- (i) The aggregate preliminary purchase price is calculated as follows (in millions of JPY except per share data):

	<u>Amount</u>
Calculation of estimated cash consideration(a):	
Number of Shire Shares to be purchased	910,746,641
Cash consideration per share (\$30.33 per share) in ¥ (a)	<u>3,403</u>
Estimated cash paid for shares and vested share settled awards (b)	<u>3,099,271</u>
Calculation of estimated fair value of shares issued as consideration:	
Shire Shares outstanding	910,746,641
Conversion ratio (as per agreement)	<u>0.839</u>
Estimated New Takeda Shares to be issued	764,116,432
Fair value per share based on Takeda share price	<u>4,394</u>
Estimated fair value of shares issued as consideration (c)	<u>3,357,528</u>

- (a) Cash consideration per share was converted to JPY at an assumed rate of US\$1.00 to ¥112.214 as of October 12, 2018.
- (b) The number of shares to be purchased represents the shares outstanding of Shire at March 31, 2018 and the estimated number of vested share settled awards to be treated as shares in the Acquisition.

Cash consideration for shares was estimated based on 910,670,167 Shire Shares outstanding expected to be purchased as of March 31, 2018.

Cash consideration for vested Shire Share settled awards was estimated based on 76,474 Shire Share award units. This represents the share awards expected to be vested on completion of the Acquisition and are expected to be settled the same as Shire's ordinary outstanding shares.

Cash paid for share settled awards relate to Baxalta share units which will be cancelled upon a change in control in return for a cash payment of their value. The total cash consideration related to these awards is based on an assumed number of units of 4,555,361 at ¥7,142 per share, which represents the estimated total price to be paid by Takeda for each Shire share outstanding.

The total cash consideration will vary based on the USD to JPY exchange rate on the date of the Acquisition. From the date on which Takeda's initial offer was made public on May 8, 2018 to October 12, 2018, the foreign currency exchange rate from USD to JPY ranged from ¥108.729 to ¥114.101 per US\$1.00, or a range of approximately five per cent. A five per cent. weakening of the Japanese Yen to US Dollar would increase the cash amount by ¥155,738 million and a five per cent. strengthening of the Japanese Yen to the US Dollar would decrease the cash amount by ¥154,827 million.

- (c) The estimated fair value of shares issued was calculated based on the outstanding shares and share awards at March 31, 2018, multiplied by the exchange ratio of 0.839, and Takeda's closing share price as of October 12, 2018 of ¥4,394 per share.

The fair value of the Consideration settled in shares is subject to change based on movements in Takeda's share price. From the date on which Takeda's initial offer was made public on May 8, 2018 to October 12, 2018, Takeda's closing share price has ranged from ¥4,203 to ¥4,899, or a range of approximately 17 per cent. A 20 per cent. decrease in Takeda's share price would reduce the value of the shares issued by ¥671,506 million and a 20 per cent. increase in Takeda's share price would increase the value of the shares to be issued by ¥671,506 million.

As noted above, the final Consideration transferred is contingent upon the share price of Takeda Shares on the date of the completion of the Acquisition and the foreign currency exchange rate on the date of Acquisition. A difference in any of these factors from the amount assumed herein will result in a change in the purchase price and, as a consequence, a change in goodwill recognised.

- (ii) The preliminary estimates are based on the data available to Takeda and may change upon completion of the final purchase price allocation. Any change in the estimated fair value of the assets and liabilities acquired will have a corresponding impact on the amount of the goodwill. In addition, a change in the amount of property plant and equipment and other identifiable intangible assets will have a direct impact on the amount of amortisation and depreciation recorded against income in future periods. The impact of any changes in the purchase price allocation may have a material impact on the amounts presented in this pro forma condensed combined financial information and in future periods.

- (a) The pro forma adjustment for intangible assets is calculated as follows (in millions of JPY):

	<u>Amount</u>
Fair value of in-process research and development	280,535
Fair value of other intangible assets	5,262,837
Less: Historical intangible assets	<u>(3,744,677)</u>
Pro forma adjustment	<u>1,798,695</u>

- (b) The estimated tax impact is based on assumed tax rate of 25 per cent., which represents Takeda's 2017 estimated global blended statutory tax rate applicable to the fair value step-ups.

- (c) The acquired assets and liabilities assumed are reflected at their preliminarily estimated fair values with the excess consideration recorded as goodwill. The pro forma adjustment for goodwill is calculated as follows (in millions of JPY):

	<u>Amount</u>
Preliminary allocation to goodwill	3,026,435
Less: Historical goodwill	<u>(2,238,458)</u>
Pro forma adjustment	<u>787,977</u>

- (iii) Reflects the fair value of Shire share-based awards that Shire will cash settle upon the change in control. The total cash consideration related to these awards is based on an assumed number of units of 16,135,116 at ¥7,090 per share, which are illustrative figures based on assumptions deemed appropriate by Takeda management and may vary. The amount that will be ultimately payable will be based on the higher of: (i) the average closing middle market price of a Shire stock price during the 30 days prior to the Court Sanction Hearing; and (ii) the value of the consideration offered by Takeda to each Scheme Shareholder per share at the date of the Court Sanction Hearing. The payment will be made after the Effective Date. The final amount payable is contingent upon, Shire's stock price, the share price of Takeda shares on the date of the Court Sanction Hearing, the foreign currency exchange rate on the date of the Court Sanction Hearing and the number of Shire share-based awards which will vest, including the extent to which such awards may vest. A difference in any of these factors from the amount assumed herein will change the cash-settle award liability.

- (C) Reflects the impact on cash and cash equivalents of the Transactions calculated as follows (in millions of JPY):

	<u>Amount</u>
Net proceeds from borrowings (Note (D))	3,333,405
Estimated Takeda transaction costs (Note (E))	(55,266)
Estimated Shire transaction costs (i)	(24,126)
Debt issuance costs (Note (D))	(30,027)
Cash consideration for the Acquisition	<u>(3,099,271)</u>
Pro forma adjustment	<u>124,715</u>

- (i) This represents estimated transaction costs expected to be paid by Shire at close which will reduce cash acquired by Takeda.

- (D) Reflects the borrowings to be entered into in connection with the Acquisition (in millions of JPY):

	<u>Amount</u>
Bridge financing (i)	415,192
Term loan (ii)	841,605
Senior Short-Term Loan Facility Agreement (iii)	500,000
EUR Senior Notes and Potential Future USD Notes (iv)(v)	<u>1,576,608</u>
Total (vi)	3,333,405
Less: Estimated debt issuance costs	<u>30,027</u>
Pro forma adjustment	<u>3,303,378</u>

- (i) On May 8, 2018 Takeda entered into the Bridge Credit Agreement, with aggregate commitments of \$30.85 billion. Takeda expects to fully replace this bridge facility prior to completion of the Acquisition with other borrowings. The bridge facility has been reduced by the Term Loan Credit Agreement and the Senior Short-Term Loan Facility Agreement and will be further reduced by the EUR Senior Notes and the Potential Future USD Notes. The pro forma balance sheet reflects borrowings under the Bridge Credit Agreement for the portion that has not been replaced by other financing or from the EUR Senior Notes and the Potential Future USD Notes.

- (ii) This represents the Term Loan Credit Agreement entered into by Takeda on June 8, 2018.

- (iii) This represents the Senior Short-Term Loan Facility Agreement entered into on October 26, 2018, that has an aggregate commitment of ¥500 billion.

- (iv) and (v) Takeda expects, subject to market conditions, to complete an offering of senior notes comprised of the EUR Senior Notes and the Potential Future USD Notes. The pro forma financial information is based on assumed total proceeds of \$14.05 billion with 57 per cent. of the notes as the EUR Senior Notes and 43 per cent. as the Potential Future USD Notes. The actual mix of the EUR Senior Notes and the Potential Future USD Notes may differ from this assumption.

- (vi) The total proceeds have been based on the assumed foreign currency composition of USD and Euro debt assuming total proceeds of \$14.05 billion and a foreign currency exchange rate of USD to JPY of ¥112.214 per US\$1.00.

In addition to the above, on October 26, 2018, Takeda entered into a Subordinated Loan Agreement with aggregate commitments of ¥500 billion. Takeda is not required to draw upon the Subordinated Loan. However, if Takeda chooses to draw on all or part of the Subordinated Loan, the proceeds will be used to refinance all or a part of any indebtedness incurred pursuant to the Senior Short-Term Loan Facility Agreement.

- (E) Represents the elimination of Shire's historical equity and the impact of the transactions on equity calculated as follows (in millions of JPY):

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Other Components of Equity	Total
Eliminate Shire equity	(9,255)	(2,827,075)	31,942	(1,140,737)	(155,198)	(4,100,323)
Issuance of shares (i)	1,678,764	1,678,764	–	–	–	3,357,528
Transaction costs (ii)	–	(29,624)	–	(24,760)	–	(54,384)
Total pro forma adjustment	1,669,509	(1,177,935)	31,942	(1,165,497)	(155,198)	(797,179)

Represents impact of the New Takeda Shares to be issued in respect of the non-cash portion of the Consideration. This is based on an assumed Takeda Share price at the Effective Date of ¥4,394 and the issue of 764,116,432 New Takeda Shares. As noted above, the number of New Takeda Shares and the value of the New Takeda Shares will be based on the Takeda Share price at completion of the Acquisition and may differ from these amounts.

Represents the impact on retained earnings of the transaction costs to be paid by Takeda that will be recorded at the time of the Acquisition, net of the associated tax benefit related to the tax deduction of these costs. These costs include ¥24,760 million that will be expensed in future periods and ¥29,624 million related to registration of equity that will be recorded directly to equity. The tax benefit is based on the estimated tax-deductible portion of transaction expenses and an assumed tax rate of 25 per cent., which represents Takeda's 2017 estimated blended global statutory tax rate, and is shown as a pro forma adjustment to deferred tax asset. These transaction costs are excluded from the pro forma condensed combined statement of income, as they are non-recurring in nature.

- (F) Represents the incremental depreciation expense based on the preliminary fair value of property, plant and equipment and an estimated remaining useful life of 15 years calculated as follows (in millions of JPY):

<u>Asset category</u>	<u>Fair value adjustment</u>	<u>Estimated useful life</u>	<u>Pro forma adjustment</u>
Land	1,077	Indefinite	n/a
Buildings and structures	8,603	15 years	574
Machinery and vehicles	27,799	15 years	1,853
Total	37,479		2,427

If the weighted average estimated useful life of depreciable assets were to increase by one year, pro forma depreciation expense would decrease by ¥3,099 million or increase by ¥3,541 million if the weighted average estimated useful lives were to decrease by one year. If the estimated fair value of estimated depreciable assets were to change by 10 per cent., pro forma annual depreciation expense would increase or decrease by ¥4,958 million.

- (G) Reflects the incremental amortisation expense resulting from the recognition of other identifiable intangible assets. The proforma adjustment is based on recognition of amortisable intangible assets of ¥5,543,372 million (Note (B)) and estimated weighted average life of 5-18 years. If the fair value were to change by 10 per cent., it would result in a ¥53,024 million impact on amortisation expense. If the estimated useful life of amortisable intangible assets were to increase by one year, pro forma annual amortisation expense would decrease by ¥58,496 million and would increase ¥79,946 million if the estimated useful life were to decrease by one year.

- (H) Reflects the incremental interest expense related to the financing of the Acquisition described in Note (D) calculated as follows (in millions of JPY):

	<u>Amount</u>	<u>Term</u>	<u>Weighted average Interest Rate</u>	<u>Pro forma interest expense</u>
Bridge financing (i)	415,192	1 year	3.41%	14,137
Term loan (ii)	841,605	5 years	2.34%	19,701
Senior Short-Term Loan Facility Agreement (iii)	500,000	0.5 year	0.23%	566
Senior EUR Notes (iv) (v)	904,424	2-12 years	1.54%	13,901
Potential Future USD Notes (iv) (v)	672,184	2-5 years	4.06%	27,286
Estimated debt issuance costs (vi)	<u>(30,027)</u>			22,988
Pro forma adjustment (vii)	<u>3,303,378</u>			98,579

- (i) The interest is based on the assumption that 100 per cent. of the bridge financing is in USD. The interest under the agreement is based on LIBOR plus a margin, which totals 3.41 per cent.
- (ii) The interest assumes that 53.3 per cent. of the term loan financing is in USD and 46.7 per cent. is in Euros. The interest under the agreement is based on LIBOR or EURIBOR plus a margin. The interest rate is calculated based on the applicable rate for USD and EUR borrowings, which resulted in a weighted average interest rate of 2.34 per cent.
- (iii) The Senior Short-Term Loan Facility Agreement is denominated in JPY and the interest under the agreement is based on TIBOR plus a margin, which totals 0.23 per cent.
- (iv) and (v) Represents the interest expense associated with the issuance of senior notes. This is based on the assumed amount of Senior EUR Notes and Potential Future USD Notes as described above.

The Senior EUR Notes are expected to be comprised of fixed and variable rate borrowings. Takeda have assumed that the Senior EUR Notes are 25 per cent. variable rate borrowings and 75 per cent. fixed rate borrowings, with an estimated weighted average interest rate of 1.54 per cent. If the interest rate on the Senior EUR Notes were to increase or decrease by 0.125 per cent. the pro forma interest expense would change by ¥1.131 million.

The Potential Future USD Notes are expected to be comprised of fixed and variable rate borrowings. Takeda have assumed that the Potential Future USD Notes are 25 per cent. variable rate borrowings and 75 per cent. fixed rate borrowings, with an estimated weighted average interest rate of 4.06 per cent. If the interest rate on the Potential Future USD Notes were to increase or decrease by 0.125 per cent. the pro forma interest expense would change by ¥840 million.

The total interest expense will also be impacted by a change in the mix of notes between Senior EUR Notes and Potential Future USD Notes.

- (vi) The debt issuance costs are amortised over the life of the associated borrowings and the amortisation expense are included in interest expense. Takeda have assumed a weighted average term of 2.4 years.

The actual terms and conditions of the Financing, including the amount of debt actually incurred, the currency of the borrowings, the interest rate and the form of the borrowings (as noted in Note (D)) have not been finally determined and are subject to change.

- (I) Reflects the elimination of non-recurring transactions costs incurred during the year ended March 31, 2018 that are directly related to the Acquisition and are reflected in the historical Takeda statement of income.
- (J) Reflects the tax impact of the pro forma adjustments based on assumed rate of 25 per cent., which represents Takeda's 2017 estimated global blended statutory tax rate.
- (K) The following is a reconciliation of Shire's historical financial information from US GAAP to IFRS and Takeda's accounting policies (amounts in millions of JPY unless otherwise noted):

Unaudited Shire Condensed Balance Sheet IFRS Conversion

As of December 31, 2017

	Historical Shire (USD) ^(a)	Historical Shire (JPY) ^(b)	IFRS conversion adjustments ^(c)	Note	Classification adjustments ^(d)	Note	Historical Shire IFRS Conversion (JPY)
ASSETS							
Non-current assets:							
Property, plant and equipment	6,636	749,012	–		–		749,012
Goodwill	19,832	2,238,458	–		–		2,238,458
Intangible assets	33,046	3,729,935	14,742	(a.)	–		3,744,677
Deferred tax asset	189	21,333	22,055	(b.)	–		35,611
			(7,777)	(c.)			
Other	446	50,340	–		–		50,340
Total non-current assets	60,149	6,789,078	29,020		–		6,818,098
Current assets:							
Inventories	3,292	371,571	–		–		371,571
Trade and other receivables	3,010	339,742	–		27,411	(f.)	394,864
			–		27,711	(k.)	
Cash and cash equivalents	511	57,677	–		–		57,677
Other current assets	795	89,732	(10,542)	(b.)	(27,711)	(k.)	51,479
Total current assets	7,608	858,722	(10,542)		27,411		875,591
Total assets	67,757	7,647,800	18,478		27,411		7,693,689
LIABILITIES							
Non-current liabilities:							
Bonds and loans	16,752	1,890,815	–		(38,565)	(k.)	1,858,972
			–		6,722	(k.)	
Net defined benefit liabilities	–	–	–		66,056	(k.)	66,056
Deferred tax liabilities	4,748	535,912	–		–	(k.)	535,912
Other	2,198	248,090	1,489	(d.)	38,565	(k.)	215,366
			–		(6,722)	(k.)	
			–		(66,056)	(k.)	
Total non-current liabilities	23,698	2,674,817	1,489		–		2,676,306
Current liabilities:							
Bonds and loan	2,789	314,797	–		(849)	(k.)	313,948
Trade and other payables	4,184	472,252	–		(193,509)	(k.)	71,752
			–		(206,991)	(g.)	
Provisions	–	–	–		27,411	(f.)	234,402
			–		206,991	(g.)	
Other	909	102,600	–		193,509	(k.)	296,958
			–		849	(k.)	
Total current liabilities	7,882	889,649	–		27,411		917,060
Total liabilities	31,580	3,564,466	1,489		27,411		3,593,366
EQUITY							
Share capital	82	9,255	–		–		9,255
Share premium	25,082	2,831,030	3,822	(e.)	–		2,827,075
			(7,777)	(c.)			
Treasury shares	(283)	(31,942)	–		–		(31,942)
Retained earnings	9,921	1,119,793	(3,822)	(e.)	–		1,140,737
			14,742	(a.)	–		
			(1,489)	(d.)	–		
			11,513	(b.)	–		
Other components of equity	1,375	155,198	–		–		155,198
Equity attributable to owners of the company	36,177	4,083,334	16,989		–		4,100,323
Non-controlling interests	–	–	–		–		–
Total equity	36,177	4,083,334	16,989		–		4,100,323
TOTAL LIABILITIES AND EQUITY	67,757	7,647,800	18,478		27,411		7,693,689

Unaudited Shire Condensed Statement of Income IFRS Conversion

Year ended December 31, 2017

	Historical Shire (USD) ⁽ⁱ⁾	Historical Shire (JPY) ⁽ⁱⁱ⁾	IFRS conversion adjustments ⁽ⁱⁱⁱ⁾	Note	Classification adjustments ⁽ⁱⁱⁱ⁾	Note	Historical Shire IFRS Conversion (JPY)
Revenue	15,161	1,703,475	–		–		1,703,475
Cost of sales	(4,701)	(528,200)	(778)	(e.)	(136)	(h.)	(529,114)
Selling, general and administrative expense	(3,531)	(396,740)	(2,124) (197)	(e.) (d.)	136 5,684	(h.) (i.)	(393,241)
Research and development expense	(1,763)	(198,089)	(597) 14,742	(e.) (a.)	(102) –	(j.)	(184,046)
Amortization and impairment losses on intangible assets associated with products	(1,768)	(198,651)	–		–		(198,651)
Other operating income (expense), net (iv)	(943)	(105,954)	(323) 11,528	(e.) (l.)	(5,684) 1,361	(i.) (k.)	(99,072) –
Operating profit	2,455	275,841	22,251		1,259		299,351
Finance income (expense), net (v)	(562)	(63,146)	(1,292)	(d.)	(1,361)	(k.)	(65,799)
Share of profit (loss) of investments accounted for using the equity method	3	337	–		–		337
Profit before tax	1,896	213,032	20,959		(102)		233,889
Income tax (expense)/benefit	2,358	264,943	14,124 (348)	(b.) (c.)	102	(j.)	278,821
Net profit for the year, before discontinued operations	4,254	477,975	34,735		–		512,710
Gain/(loss) from discontinued operations	18	2,023	–		–		2,023
Net profit for the year	4,272	479,998	34,735		–		514,733

(i) Represents the historical balance of Shire at December 31, 2017 and the income statement for the year ended December 31, 2017.

(ii) The historical USD balance sheet and income statement of Shire are converted to JPY based on a USD to JPY exchange rate of ¥112.871 per US\$1.00 for the balance sheet and ¥112.359 per US\$1.00 for the income statement. For the balance sheet, the spot rate at December 31, 2017 of ¥112.871 per \$1.00 was used. For the income statement, the average rate for the prior 12 months of ¥112.354 per \$1.00 was used.

(iii) A summary of the differences between US GAAP and Takeda's accounting policies is as follows:

- (a) Reflect adjustment to eliminate expense recorded by Shire for collaboration payments related to products that are not yet commercialised and to recognise in-process research and development based on Takeda's accounting policy.
- (b) Reflect adjustments to record a deferred tax asset and reclassify prepaid taxes to tax expense on intercompany inventory transfers under IFRS reporting requirements and to record the cumulative effect on retained earnings.
- (c) Reflect adjustments to record the deferred tax asset and tax expense for stock-based compensation under IFRS reporting requirements.
- (d) Reflects adjustments to net periodic benefit costs and net defined benefit obligation due to the measurement differences between US GAAP and Takeda accounting policies. These measurement differences relate to the removal of expected return on plan assets and inclusion of interest income on plan assets.
- (e) Reflect stock compensation expense based on graded vesting under IFRS. Under US GAAP, Shire elected to record the expense on a straight-line basis.
- (f) Reclassify Shire's chargeback and sales discounts reserve from trade and other receivables to provisions.
- (g) Reclassify accrued rebates, accrued managed care, accrued Medicare and Medicaid reserves, accrued sales returns, litigation reserves, and other accruals from trade and other payables to current provisions.
- (h) Reclassify freight insurance expenses from selling, general and administrative expenses to cost of sales.
- (i) Reclassify charitable donations from selling, general and administrative expense to other operating expenses.

- (j) Reclassify research and development investment tax credits from research and development to income tax expenses.
- (k) Reclassify assets and liabilities to align the Shire classification to the Takeda classification.
- (l) Reflect adjustment to decrease restructuring expenses in 2017 as this expense would have been recorded in an earlier period under IFRS. There is no corresponding adjustment to the balance sheet as the cumulative retained earnings impact does not change.
- (iv) Other operating expenses includes integration and acquisition costs, reorganisation costs and gain on sale of product rights.
- (v) Finance income (expense), net includes interest income, interest expense and other income/(expense), net.

APPENDIX V

PROPOSED MEMBERS OF THE FUTURE TAKEDA EXECUTIVE TEAM (POST-EFFECTIVE DATE)

1. Andy Plump, R&D
2. Camilla Soenderby, Patient Value & Product Strategy
3. Christophe Bianchi, Global Oncology Business Unit
4. Christophe Weber, President & CEO
5. Costa Saroukos, Global Finance
6. Gerard (Jerry) Greco, Global Quality
7. Giles Plattford, Europe & Canada Business Unit
8. Haruhiko Hirate, Corporate Communication and Public Affairs
9. Helen Giza, Integration
10. Julie Kim, Global Plasma-Derived Therapies Business Unit
11. Marcello Agosti, Global Business Development
12. Masato Iwasaki, Japan Pharma Business Unit
13. Milano Furuta, Corporate Strategy
14. Mwana Lugogo, Global Ethics & Compliance
15. Padma Thiruvengadam, Global Human Resources
16. Rajeev Venkayya, Global Vaccine Business Unit
17. Ramona Sequeira, US Business Unit
18. Ricardo Marek, Emerging Markets Business Unit
19. Thomas Wozniewski, Global Manufacturing and Supply
20. Yoshihiro Nakagawa, Global Legal

APPENDIX VI

NON-GAAP RECONCILIATIONS

PART A

(in millions)

Reconciliation of U.S. GAAP net income to Non GAAP EBITDA and Non GAAP operating income:

	3 months ended September 30,		9 months ended September 30,	
	2018	2017	2018	2017
U.S. GAAP net income	\$537.2	\$550.8	\$1,703.3	\$1,166.1
Add back/(deduct):				
Loss/(gain) from discontinued operations, net of taxes	–	0.4	–	(18.6)
Equity in (losses)/earnings of equity method investees, net of taxes	(4.7)	3.4	(11.2)	(0.1)
Income taxes	203.3	13.5	371.0	44.6
Other expense, net	220.0	140.5	417.2	412.9
U.S. GAAP operating income from continuing operations	955.8	708.6	2,480.3	1,604.9
Add back/(deduct) Non GAAP adjustments:				
Expense related to the unwind of inventory fair value adjustments	1.6	63.3	40.9	688.7
Program wind-down and one-time employee related costs	3.3	–	3.3	(4.0)
Impairment of acquired intangible assets	–	–	10.0	20.0
Costs relating to license arrangements	–	–	10.0	123.7
Legal and litigation costs	–	1.0	–	8.6
Amortization of acquired intangible assets	433.7	482.4	1,375.3	1,280.5
Integration and acquisition costs	93.0	237.0	512.0	696.7
Reorganization costs	254.8	5.4	268.9	24.5
(Gain)/loss on sale of Oncology and product rights	(267.2)	0.3	(267.2)	(0.4)
Depreciation	157.6	119.9	432.8	363.5
Non GAAP EBITDA	1,632.6	1,617.9	4,866.3	4,806.7
Depreciation	(157.6)	(119.9)	(432.8)	(363.5)
Non GAAP operating income	\$1,475.0	\$1,498.0	\$4,433.5	\$4,443.2
Net income margin⁽¹⁾	14%	15%	15%	11%
Non GAAP EBITDA margin⁽²⁾	42%	44%	42%	44%

(1) Net income as a percentage of total revenues.

(2) Non GAAP EBITDA as a percentage of total revenues.

Reconciliation of U.S. GAAP gross margin to Non GAAP gross margin:

	3 months ended September 30,		9 months ended September 30,	
	2018	2017	2018	2017
U.S. GAAP total revenues	\$3,871.7	\$3,697.6	\$11,556.9	\$11,015.7
Cost of sales (U.S. GAAP)	(1,157.6)	(1,001.4)	(3,398.3)	(3,437.3)
U.S. GAAP gross margin⁽¹⁾	2,714.1	2,696.2	8,158.6	7,578.4
Add back Non GAAP adjustments:				
Expense related to the unwind of inventory fair value adjustments	1.6	63.3	40.9	688.7
Depreciation	89.4	70.1	228.2	209.2
Non GAAP gross margin	\$2,805.1	\$2,829.6	\$8,427.7	\$8,476.3
U.S. GAAP gross margin⁽¹⁾⁽²⁾	70.1%	72.9%	70.6%	68.8%
Non GAAP gross margin⁽²⁾	72.5%	76.5%	72.9%	76.9%

(1) U.S. GAAP gross margin excludes amortization of acquired intangible assets.

(2) U.S. GAAP gross margin as a percentage of total revenues. Non GAAP gross margin as a percentage of total revenues.

Reconciliation of U.S. GAAP net income to Non GAAP net income:

	3 months ended September 30,		9 months ended September 30,	
	2018	2017	2018	2017
U.S. GAAP net income	\$537.2	\$550.8	\$1,703.3	\$1,166.1
Expense related to the unwind of inventory fair value adjustments	1.6	63.3	40.9	688.7
Program wind-down and one-time employee related costs	3.3	–	3.3	(4.0)
Impairment of acquired intangible assets	–	–	10.0	20.0
Costs relating to license arrangements	–	–	10.0	123.7
Legal and litigation costs	–	1.0	–	8.6
Amortization of acquired intangible assets	433.7	482.4	1,375.3	1,280.5
Integration and acquisition costs	93.0	237.0	512.0	696.7
Reorganization costs	254.8	5.4	268.9	24.5
(Gain)/loss on sale of Oncology and product rights	(267.2)	0.3	(267.2)	(0.4)
Amortization of one-time upfront borrowing costs for Baxalta and Dyax	–	1.9	2.3	5.4
Loss/(gain) on sale of non-core investments	–	4.3	–	(8.9)
Loss/(gain) from discontinued operations	–	0.4	–	(29.6)
Costs related to bond tender offer	40.6	–	40.6	–
Fair value adjustment for joint venture net written option	11.0	–	8.0	–
Non GAAP tax adjustments	10.7	(189.0)	(229.7)	(576.5)
Non GAAP net income	\$1,118.7	\$1,157.8	\$3,477.7	\$3,394.8

(in millions, except per ADS amounts)

Reconciliation of U.S. GAAP diluted earnings per ADS to Non GAAP diluted earnings per ADS:

	3 months ended September 30,		9 months ended September 30,	
	2018	2017	2018	2017
U.S. GAAP diluted earnings per ADS	\$1.75	\$1.81	\$5.57	\$3.84
Expense related to the unwind of inventory fair value adjustments	0.01	0.21	0.13	2.26
Program wind-down and one-time employee related costs	0.01	—	0.01	(0.01)
Impairment of acquired intangible assets	—	—	0.03	0.07
Costs relating to license arrangements	—	—	0.03	0.41
Legal and litigation costs	—	0.00	—	0.03
Amortization of acquired intangible assets	1.41	1.59	4.50	4.21
Integration and acquisition costs	0.30	0.78	1.68	2.29
Reorganization costs	0.83	0.02	0.88	0.08
(Gain)/loss on sale of Oncology and product rights	(0.87)	0.00	(0.87)	0.00
Amortization of one-time upfront borrowing costs for Baxalta and Dyax	—	0.01	0.01	0.02
Loss/(gain) on sale of non-core investments	—	0.01	—	(0.03)
Loss/(gain) from discontinued operations	—	0.00	—	(0.10)
Costs related to bond tender offer	0.13	—	0.13	—
Fair value adjustment for joint venture net written option	0.04	—	0.03	—
Non GAAP tax adjustments	0.03	(0.62)	(0.75)	(1.90)
Non GAAP diluted earnings per ADS	\$3.64	\$3.81	\$11.38	\$11.17

Reconciliation of U.S. GAAP net cash provided by operating activities to Non GAAP free cash flow:

	3 months ended September 30,		9 months ended September 30,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$857.6	\$1,055.2	\$2,807.5	\$2,737.1
Capital expenditures	(203.3)	(174.4)	(564.6)	(565.5)
Payments relating to milestone and license arrangements	316.2	20.0	401.2	40.0
Non GAAP free cash flow	\$970.5	\$900.8	\$2,644.1	\$2,211.6

Non GAAP net debt comprises:

	September 30, 2018	December 31, 2017
Cash and cash equivalents	\$193.2	\$472.4
Long term borrowings (excluding capital leases)	(10,740.7)	(16,410.7)
Short term borrowings (excluding capital leases)	(4,239.2)	(2,781.2)
Capital leases	(366.8)	(349.2)
Non GAAP net debt	\$(15,153.5)	\$(19,068.7)

Reconciliation of full year 2018 U.S. GAAP diluted earnings per ADS Outlook to Non GAAP diluted earnings per ADS Outlook:

	Full Year 2018 Outlook	
	Min	Max
U.S. GAAP diluted earnings per ADS	\$7.17	\$7.77
Expense related to the unwind of inventory fair value adjustments	0.12	
Legal and litigation costs	0.05	
Amortization of acquired intangible assets	6.60	
Integration and acquisition costs	2.20	
Reorganization costs	0.89	
Costs relating to license arrangements	0.10	
Costs related to bond tender offer	0.13	
Gain from the sale of the Oncology franchise	(0.87)	
Non GAAP tax adjustments	(1.62)	
Non GAAP diluted earnings per ADS	\$14.77	\$15.37

PART B*(in millions)*

	12 months ended December 31, 2017	12 months ended December 31, 2016
U.S. GAAP net income	\$4,271.5	\$327.4
Add back/(deduct):		
(Gain)/loss from discontinued operations, net of taxes	(18.0)	276.1
Equity in (earnings)/losses of equity method investees, net of taxes	(2.5)	8.7
Income taxes	(2,357.6)	(126.1)
Other expense, net	561.8	476.8
U.S. GAAP operating income from continuing operations	2,455.2	962.9
Add back/(deduct) Non GAAP adjustments:		
Revenue from upfront license fee	(74.6)	–
Expense related to the unwind of inventory fair value adjustments	747.8	1,118.0
Inventory write down related to U.S. manufacturing site closure	–	18.9
One-time employee related costs	(4.0)	20.0
Impairment of acquired intangible assets	20.0	8.9
Costs relating to license arrangements	131.2	110.0
Legal and litigation costs	10.6	16.3
Amortization of acquired intangible assets	1,768.4	1,173.4
Integration and acquisition costs	894.5	883.9
Reorganization costs	47.9	121.4
Gain on sale of product rights	(0.4)	(16.5)
Depreciation	495.8	292.9
Non GAAP EBITDA	\$6,492.4	\$4,710.1
	9 months ended September 30, 2018	9 months ended September 30, 2017
U.S. GAAP net income	\$1,703.3	\$1,166.1
Add back/(deduct):		
Loss/(gain) from discontinued operations, net of taxes	–	(18.6)
Equity in (earnings)/losses of equity method investees, net of taxes	(11.2)	(0.1)
Income taxes	371.0	44.6
Other expense, net	417.2	412.9
U.S. GAAP operating income from continuing operations	2,480.3	1,604.9
Add back/(deduct) Non GAAP adjustments:		
Expense related to the unwind of inventory fair value adjustments	40.9	688.7
Program wind-down and one-time employee related costs	3.3	(4.0)
Impairment of acquired intangible assets	10.0	20.0
Costs relating to license arrangements	10.0	123.7
Legal and litigation costs	–	8.6
Amortization of acquired intangible assets	1,375.3	1,280.5
Integration and acquisition costs	512.0	696.7
Reorganization costs	268.9	24.5
(Gain)/loss on sale of Oncology and product rights	(267.2)	(0.4)
Depreciation	432.8	363.5
Non GAAP EBITDA	\$4,866.3	\$4,806.7

