

News Release

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Takeda Announces Publication of Circular and Notice of Extraordinary General Meeting of Shareholders in relation to the Proposed Acquisition of Shire

Reaffirms Strategic and Financial Rationale for the Acquisition

Osaka, Japan, November 12, 2018 --- Further to the announcement on May 8, 2018, by Takeda Pharmaceutical Company Limited (“Takeda” or the “Company”) regarding the proposed acquisition (the “Acquisition”) of Shire plc (“Shire”), Takeda announces the publication of a circular (the “Circular”) containing a notice of its decision to hold an Extraordinary General Meeting of Shareholders (the “EGM”) to vote on the necessary matters relating to the Acquisition. The EGM is to be convened at 10:00 a.m. on December 5, 2018 at INTEX Osaka, Hall 6B Zone.

The procedures and timings for shareholders to vote on the resolutions are set out in the notice of the EGM in the Circular. The Circular will shortly be available to view on the Company's website at www.takeda.com/investors/offer-for-shire.

“The acquisition of Shire will accelerate our strategic transformation to create a stronger, more global and more competitive company with the financial strength to continue investing in delivering highly innovative medicines and transformative care to patients around the world,” said Christophe Weber, President and Chief Executive Officer of Takeda. “With the date of our Extraordinary General Meeting of Shareholders now set, we are looking forward to continuing our dialogue with shareholders regarding the compelling strategic and financial benefits of this transaction.”

Further to the announcement on October 26, 2018, Takeda and Shire have held discussions with the European Commission (“EC”) 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 EC 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 EC 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.

Subject to receiving the necessary regulatory and shareholder approvals, Takeda intends that completion of the Acquisition will take place on January 8, 2019 or as soon as practicable thereafter following approval from the EC to proceed to completion. Further announcements will be made as appropriate.

Compelling Strategic and Financial Rationale for the Acquisition

Takeda also reaffirms the compelling strategic and financial rationale for the Acquisition:

- The Acquisition will create a global, values-based, R&D-driven biopharmaceutical company incorporated and headquartered in Japan, with an attractive geographic footprint and leading positions in Japan and the United States, respectively the third and first largest pharmaceutical markets globally.
- The Acquisition will strengthen Takeda's presence across two of its three core therapeutic areas - gastroenterology (GI) and neuroscience – and provide leading positions in rare diseases and plasma-derived therapies. 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 vaccine business will continue to address the world's most pressing public health needs.
- The Acquisition will also create a highly complementary, modality-diverse pipeline and a strengthened R&D engine focused on breakthrough innovation. As a result of greater scale and efficiencies in commercial activities, the Acquisition will enable the combined group to further fuel its R&D investment, better positioning Takeda to deliver highly-innovative medicines and transformative care to patients around the world.
- In addition to the significant strategic benefits of the transaction, the Acquisition will also deliver compelling financial benefits for the combined group. The Acquisition is expected to deliver substantial pre-tax cost synergies of at least \$1.4 billion each year by the end of the third fiscal year following completion¹, 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 and to produce strong combined cashflows. The Acquisition is also expected to be earnings accretive per Takeda share on a reported basis within three years post completion.
- The Acquisition is expected to result in attractive returns for Takeda shareholders, with the return on invested capital (ROIC) expected to exceed Takeda's cost of capital within the first full fiscal year following completion.

¹ This statement includes a quantified financial benefits statement which has been reported on under Rule 28.1 of the City Code on Takeovers and Mergers in the UK. Related reports can be found in the Rule 2.7 Announcement made by Takeda on May 8, 2018, as well as information regarding the method of calculation of the synergies and the costs to achieve such synergies.

- The substantial cash flow generation expected to result from the Acquisition will enable the combined group to de-lever quickly following completion. Takeda intends to 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.
- 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 dividend policy has remained consistent over the past 9 years, with an annual dividend of JPY 180 per 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 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 New York Stock Exchange in the U.S., enabling it to access two of the world's largest capital markets.

Shire Scheme Document and Shareholder Meetings

Takeda also notes that Shire has today published its scheme document (the “Scheme Document”) in relation to the Acquisition and plans to hold its shareholder meetings in connection with the Acquisition on December 5, 2018, following Takeda’s EGM.

The Scheme Document and certain other documents relating to the Acquisition will shortly be available to view on the Company's website at www.takeda.com/investors/offer-for-shire.

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About Takeda Pharmaceutical Company

Takeda Pharmaceutical Company Limited (TSE: 4502) is a global, research and development-driven pharmaceutical company committed to bringing better health and a brighter future to patients by translating science into life-changing medicines. Takeda focuses its R&D efforts on oncology, gastroenterology and neuroscience therapeutic areas plus vaccines. Takeda conducts R&D both internally and with partners to stay at the leading edge of innovation. Innovative products, especially in oncology and gastroenterology, as well as Takeda's presence in emerging markets, are currently fueling the growth of Takeda. Approximately 30,000 Takeda employees are committed to improving quality of life for patients, working with Takeda's partners in health care in more than 70 countries. For more information, visit <https://www.takeda.com/newsroom/>.

Additional Information

This Announcement is provided for information purposes only. It is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise nor will there be any sale, issuance, exchange or transfer of securities of Shire or Takeda pursuant to the Acquisition or otherwise in any jurisdiction in contravention of applicable law.

Forward Looking Statements

This Announcement contains certain statements about Takeda and Shire that are or may be forward looking statements, including with respect to a possible combination involving Takeda and Shire. All statements other than statements of historical facts included in this Announcement may be 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 Announcement 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 a possible combination will not be pursued or consummated, failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the possible combination if it is pursued, adverse effects on the market price of Takeda's ordinary shares and on Takeda's or Shire's operating results because of a failure to complete the possible combination, failure to realise the expected benefits of the possible combination, negative effects relating to the announcement of the possible combination or any further announcements relating to the possible combination or the consummation of the possible combination on the market price of Takeda's or Shire's ordinary shares, significant transaction costs and/or unknown liabilities, general economic and business conditions that affect the combined companies following the consummation of the possible combination, 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 you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement.

Additional risk factors that may affect future results are contained in 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', and in Shire's subsequent reports on Form 8-K and other Securities and Exchange Commission filings (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 Announcement. These risk factors expressly qualify all forward-looking statements contained in this Announcement 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 undertake 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

Unless expressly stated otherwise, nothing in this Announcement (including any statement of estimated synergies) is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share or dividend per share for Takeda or Shire, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share or dividend per share for Takeda or Shire, as appropriate.

Medical information

This Announcement contains information about products that may not be available and 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.

Publication on Website

In accordance with Rule 26.1 of the Code, a copy of this Announcement will be made available (subject to certain restrictions relating to persons resident in restricted jurisdictions) on Takeda's website at www.takeda.com/investors/offer-for-shire by no later than 12 noon (London time) on November 13, 2018. The content of the website referred to in this Announcement is not incorporated into and does not form part of this Announcement.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% 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 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% 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(s), 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. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

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