



Recommended offer for Shire plc by Takeda Pharmaceutical Company Limited

Impact on Shire LTIP, PSP and Baxalta Exchange Awards: Frequently Asked Questions

November 20, 2018

IMPORTANT INFORMATION: *In the event of any differences between this document, the Share Plan letters, the relevant share plan rules or the applicable legislation, the Share Plan letters, the rules or the applicable legislation (as appropriate) will prevail. References to taxation are for guidance only and do not contain a full description of all circumstances in which a taxation liability may occur.*

If you are in any doubt about the contents of this Frequently Asked Questions document or the accompanying Share Plan letter, or 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.

This document is not intended to, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this presentation or otherwise. The statements contained in this document are not to be construed as legal, business, financial or tax advice.

What's happening?

On May 8, 2018, Shire plc ("**Shire**") and Takeda Pharmaceutical Company Limited ("**Takeda**") announced that they had reached agreement on the terms of a recommended offer by Takeda for the entire issued and to be issued share capital of Shire (the "**Acquisition**"). The Acquisition will be effected by means of a scheme of arrangement under Article 125 of the Companies (Jersey) Law 1991 (as amended) (the "**Scheme**").

You can read about the Acquisition on Shire's website <http://investors.shire.com/takeda>. You should also refer to the Scheme Document sent to Shire's shareholders on November 12, 2018 (a copy of which is also contained on Shire's website) (the "**Scheme Document**").

Any Shire share awards (such as RSUs, options, PSUs, SARs) that you hold at the time of the Scheme being sanctioned by the Royal Court of Jersey will be impacted by the Acquisition.

You should have received the very important Share Plan letter for each of the Shire share plans under which you currently hold share awards. In the event of any differences between this document and the Share Plan letters, share plan rules or the applicable legislation, the Share Plan letters, the rules or the applicable legislation (as appropriate) will prevail. Unless otherwise defined, capitalised terms in this document have the meaning given to them in the Scheme Document or Share Plan letter as relevant. References to taxation are for guidance only and do not contain a full description of all circumstances in which a taxation liability may occur.

Please read this brochure and the Share Plan letter carefully. You should also refer to the Scheme Document sent to Shire's shareholders on November 12, 2018.

This document is also available on the Shire website at <http://investors.shire.com/takeda> and on the Takeda website at <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>

What is the purpose of this document?

- The purpose of this document is to help you understand the information in the very important Share Plan letter(s) you have received in respect of the share awards you hold.
- There is no new information about the Acquisition and its impact on your Shire share awards in this document that is not in your Share Plan letter(s).

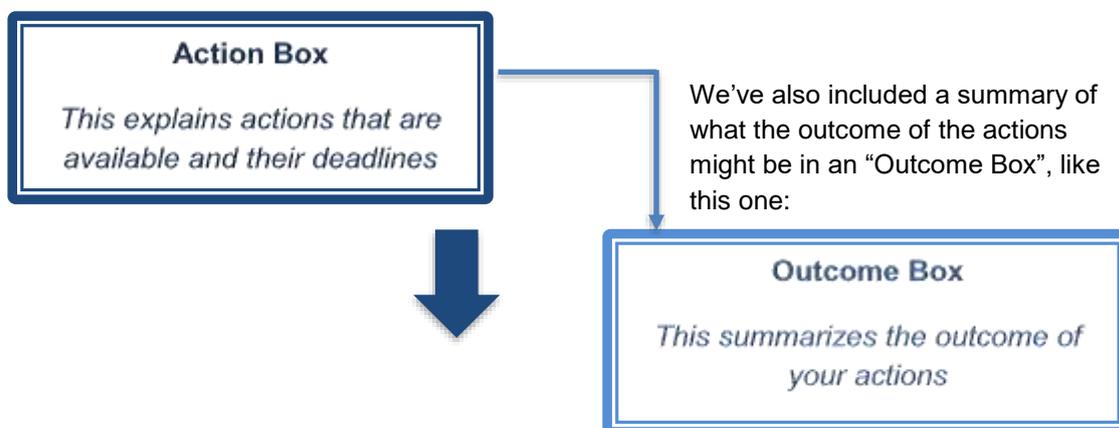
This document relates only to Shire share awards and is not relevant to any Shire shares or Shire American Depositary Shares (ADSs) that you own in your personal capacity. Information about the impact of the Acquisition on Shire shares and ADSs has been sent to you and/or potentially your bank, broker and/or nominee separately and you should read the Scheme Document sent on November 12, 2018 (which can also be found on the Shire website at <http://investors.shire.com/takeda> and on the Takeda website at <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>).

How should I use this document?

- The contents page overleaf lists the sections contained in this document.
- **All employees** should read all the **GENERAL** sections.
- Once you have read these sections, you should then read the plan details section(s) which relate to the share awards that you hold.

Taking actions

For some share awards, the impact of the Acquisition will happen automatically and there will be no action required to be made by you. For other share awards, you will have an opportunity to take an action. When this is the case the action available and the deadline to take action will be clearly indicated in an “Action Box”, like this one:



What should I do now?

Please read the Share Plan letters and the relevant information in this document for the share awards that you currently hold. You are also encouraged to read the Scheme Document sent to Shire's shareholders on November 12, 2018.

Please make sure you are clear about the actions available to you and take note of the deadlines before making any decisions.

As a reminder, neither Shire nor Takeda can give you any advice about any decisions you can make. You should consult a suitably qualified and independent financial advisor if you require any advice relating to your Shire share awards.

Further help

If you have not received a Share Plan letter about your awards, please refer to your EquatePlus and / or E*TRADE account where you will find the applicable letter/s posted for the share awards you hold.

Please remember that the Share Plan letters are also available on the Shire website at <http://investors.shire.com/takeda> and on the Takeda website at <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>.

If, after reading this document, you have any questions you can call or email the designated Equity Helpline.

The Equity Helpline can provide clarification on the details in the Share Plan letters and this FAQ document about the impact of the Acquisition on your share awards. The helpline cannot provide you with any personal tax, financial or investment advice.

The Equity Helpline

The Equity Helpline opens on November 20, 2018.

If you are in the United States, please call **+00 (1) 833-231-4675** or email **shire.helpline@uk.pwc.com**. This helpline is open Monday to Friday (excluding public holidays) between 9.00 a.m. EST to 5.00 p.m. EST. This is a US telephone number and calls will be charged at the standard geographic rate and will vary by provider.

If you are in the United Kingdom, please call **+44 (0) 20 7804 2255** or email **shire.helpline@uk.pwc.com**. This helpline is open Monday to Friday (excluding public holidays) between 9.00 a.m. to 5.00 p.m. (UK time). This is a UK telephone number and calls will be charged at the standard geographic rate and will vary by provider.

If you are in any other country, you can call whichever helpline is closest to your time zone. Calls outside of the US or UK (as applicable) will be charged at the applicable international rate.

We anticipate that the Equity Helpline will be open until the end of January 2019. The US helpline will be closed on Thursday 22 November and Friday 23 November 2018 for the Thanksgiving holiday.

Contents

This document is divided into a number of sections. The sections that will be relevant for you will depend on which Shire share awards you currently hold. The contents list below helps you work out which sections will be relevant for you to read. If you click on the section title for the relevant section, you will be taken straight to that section of this document.

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Section 1: Overview of Shire share plans

Everyone should read this section

We remind you about the different types of share awards under the various Shire share plans and how you can confirm the share awards you hold

1.1 What are the Shire share plans covered in this document?

Shire operates a number of different share plans. In normal circumstances, participants in the plans have the opportunity to acquire Shire ordinary shares (“**Shire shares**”) or American Depositary Shares (“**ADSs**”).

The types of share awards granted under the different Shire share plans that are covered in this document are as follows:

Types of share awards	Plan	Summary of grant dates for share awards
Restricted Stock Units (RSUs or Baxalta RSUs , respectively)	The Shire Long Term Incentive Plan 2015 (LTIP)	LTIP RSUs – February 27, 2015 onwards
	The Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards (Baxalta Exchange Awards)	Baxalta RSUs – June 1, 2015 to March 3, 2016
Performance Stock Units (PSUs)	LTIP	February 27, 2015 onwards
Stock Appreciation Rights (SARs)	LTIP	LTIP – February 27, 2015 onwards
	The Shire Portfolio Share Plan (PSP)	PSP – issued up to February 18, 2015
Non-qualified stock options (Baxalta Options)	Baxalta Exchange Awards	Baxalta Options – December 2008 to December 2015

1.2 What is the difference between a Shire ordinary share and Shire ADS?

Shire ordinary shares are shares in Shire plc which are traded on the London Stock Exchange in Great British Pounds (GBP) under the symbol SHP.

Shire ADSs are traded on the National Association of Securities Dealers Automated Quotations (“**NASDAQ**”) Global Select Market in US Dollars (USD) under the symbol SHPG. One Shire ADS represents three Shire ordinary shares.

Shire ADSs are predominantly issued to those employees residing in the Americas, and ordinary shares are issued in equity-eligible countries outside of the Americas.

Section 2: Checking what you should have received

Everyone should read this section

Find out what information you should have received about the Acquisition and how you can check which share awards are relevant to you

2.1 What documents should I have received?

You should have received a letter relevant to each Shire share plan under which you hold Shire share awards. These letters hold very important information about the impact of the Acquisition on the Shire share awards you hold.

2.2 How can I check which Shire share awards I hold?

You should have only received letters for the Shire share plans that are relevant to you. However, to check the details of your current outstanding share awards you should log onto the relevant portal:

Share plan under which share awards granted	Portal
LTIP PSP	EquatePlus
Baxalta Exchange Awards	E*TRADE

If you believe you have not received the correct letters, please refer to your EquatePlus and / or E*TRADE account where you will find the applicable letter/s posted to your Library for the share awards you hold.

Portal access information:

	EquatePlus	E*TRADE
<i>Online</i>	<ul style="list-style-type: none"> From Inside the Shire Network: May be accessed via HRConnect portal under <u>Long Term Incentives>Accessing your Shares>EquatePlus</u> From Outside the Shire Network: https://www.equateplus.com 	<ul style="list-style-type: none"> https://www.Etrade.com
<i>Phone</i>	Toll free numbers <ul style="list-style-type: none"> International: +800 402 000 29 (must use country dialling prefix code) US: 1-844-312-1412 CH, EU countries: 00 800 402 000 29 	Contact numbers for stock plans customer service: <ul style="list-style-type: none"> US Participants: 1-800-838-0908 Non-US: 1-650-599-0125

You may also access copies of the Share Plan letter(s) for the share awards you hold, on the Shire and Takeda website links: <http://investors.shire.com/takeda> and <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>.

Section 3: At a glance: Actions you may need to take

Everyone should read this section

Find out where you have an opportunity to take action

Please read this section carefully so that you do not miss any opportunity to realize value from your Shire share awards

3.1 What actions do I need to think about and consider taking?

The actions available to you depend on which Shire share awards you hold.

The table below summarizes the actions that are available to you to potentially realize value for each type of Shire share award you hold. There is also a link to where you can find more information in this document. You will be contacted if any deadline below changes.

Award type	Share plan	Opportunity to take action?	Where can I find more information?
RSUs / Baxalta RSUs	LTIP	No action required	RSUs/PSUs section
	Baxalta Exchange Awards	No action required	RSUs/PSUs section
PSUs	LTIP	No action required	RSUs/PSUs section
SARs	LTIP and PSP	<p>Action available to realize value from your SARs</p> <p>This is relevant to all the SARs you hold even if the strike price of any of your SARs is expected to be equal to or greater than the value of Shire shares/ADSs on the relevant date.</p> <p>Deadline for action is December 24, 2018</p>	SARs section
Baxalta Options	Baxalta Exchange Awards	<p>Action available to you to receive sale proceeds following exercise of your options</p> <p>This is relevant if your Baxalta Options are “in the money” and are, or will become, exercisable before December 24, 2018 (or such later deadline as may be notified to you).</p> <p>Deadline for action is December 24, 2018</p>	Baxalta Options section

Section 4: Overview of the Acquisition

Everyone should read this section

Find out more about the Acquisition

4.1 The Acquisition – what do I need to know?

Full details of the Acquisition are set out in the Scheme Document dated November 12, 2018 sent to Shire shareholders on November 12, 2018.

In this section we have provided you with a brief summary of the key information about the Acquisition, to provide you with context. If you own Shire shares or Shire ADSs, while you may find the below to be a useful summary, you should read the Scheme Document referred to above and any information provided to you by potentially your bank, broker and/or nominee for further details.

4.2 What will happen to Shire as a result of the Acquisition?

The Acquisition will result in Shire and its subsidiaries becoming wholly-owned subsidiaries of Takeda. As a result, Shire will be part of the Takeda group and will cease to be listed. Any Shire shares or ADSs that you own will be acquired by Takeda when the Acquisition completes.

4.3 How will the Acquisition take place?

The Acquisition will take place through a legal procedure called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that has to be approved by Shire shareholders and a Court in Jersey. Further information on the Scheme is set out in the Scheme Document dated November 12, 2018 sent to Shire shareholders on November 12, 2018. Copies of the Scheme Document are available on the Shire website at <http://investors.shire.com/takeda> and the Takeda website at <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>.

4.4 What does Court Sanction mean?

As part of the Acquisition, the Court has to approve the Scheme on a date known as **Court Sanction**. This date is not the date on which the Acquisition will be completed. The Acquisition is currently due to be finalized a few days after “Court Sanction” on what is called the **Effective Date**. Sometimes the Effective Date is referred to as “close.”

4.5 What are the terms of the Acquisition?

The terms of the Acquisition are set out in full in the Scheme Document. In summary, for each Shire share a Shire shareholder will be entitled to receive:

- **\$30.33 in cash**; and
- either **0.839 New Takeda Shares** OR **1.678 Takeda ADSs**

A person who holds a Shire ADS will be entitled to receive, for each Shire ADS owned:

- **\$90.99 in cash**; and
- **5.034 Takeda ADSs**

4.6 What are “New Takeda Shares”?

These are newly issued ordinary shares in Takeda which are proposed to be issued in connection with the Acquisition to certain Shire shareholders.

4.7 When is the Acquisition likely to take place?

The Acquisition is currently expected to become effective on January 8, 2019. The expected timeline is set out in section 5.

4.8 How does the Acquisition affect my outstanding share awards?

The impact of the Acquisition depends on the type of Shire share awards that you hold. You should read the relevant award sections within this document.

4.9 Is the impact different if I own Shire shares or Shire ADSs?

Yes. If you are currently a Shire shareholder those Shire shares or ADSs will be subject to the terms of the Acquisition (if you continue to hold them at the relevant record time for the Scheme). Information about the impact of the Acquisition on any Shire shares or ADSs you hold has been sent to you and/or potentially your bank, broker and/or your nominee separately. This document relates only to Shire equity awards (i.e. it does not relate to actual shares held by Shire shareholders). You should ensure that you read the Scheme Document if you are a current Shire shareholder or ADS holder.

Section 5: Key dates

Everyone should read this section

The key dates you need to be aware of in respect of the Acquisition are set out below together with any actions you need to take.

Please be aware that the dates below are indicative only and are based on current expectations as to the earliest possible date on which such events may occur, and may be subject to change. These dates will depend on various different factors. You will be notified if any deadlines change.

Date	Event
December 5, 2018	Shire Shareholder meetings to approve the Scheme; and Takeda Shareholder meetings to approve the Acquisition.
4pm EST December 24, 2018	<p>If you hold SARs and wish to exercise on Court Sanction, last date that you may pre-elect to exercise your SARs within EquatePlus.</p> <p>If you hold options under the Baxalta Exchange Awards, last date on which you may exercise such options if you do not want such options to be cash cancelled.</p> <p>Last date on which Shire shares/ADSs may be sold by you via Equate/E*TRADE).</p>
4pm EST December 24, 2018 to 4pm EST January 13, 2019	Blackout period. During this time, you will be restricted from taking certain actions such as exercising your SARs held within your EquatePlus account.
January 3, 2019 (the expected Court Sanction)	<p>All LTIP Awards vest, subject to the Shire Remuneration Committee's determination in respect of performance conditions and time pro-rating. Value of Transition Awards to be calculated based on this date.</p> <p>All outstanding Baxalta Exchange Awards cancelled.</p> <p>Any pre-election to exercise a SAR takes effect.</p>
January 8, 2019 (the expected Effective Date)	Scheme becomes effective and the Acquisition completes.

Date	Event
February 3, 2019	Last date on which the various cash payments which become due to participants in the LTIP (in the case of SARs, provided a pre-election was made), the PSP (if a pre-election was made) or the Baxalta Exchange Awards (if cash cancelled) on Court Sanction are expected to be made.
March 4, 2019 60 days after Court Sanction	Date on which unexercised LTIP SARs will lapse (subject to any earlier lapse date).
January 3, 2020 12 months after Court Sanction	Date on which unexercised PSP SARs will lapse (subject to any earlier lapse date).

Section 6: RSUs and PSUs

Read this section if you have any RSUs or PSUs

Find out what happens to your RSUs and/or PSUs on the Acquisition

No action is required by you in respect of RSUs and PSUs

Read the details below to understand the impact of the
Acquisition on RSUs and PSUs

RSUs and PSUs were granted under the LTIP. RSUs were also granted under the Baxalta Exchange Awards.

The treatment of RSUs and PSUs on the Acquisition is broadly the same. The only notable differences are that: (i) the vesting of PSUs is also subject to the satisfaction of performance conditions; and (ii) the Baxalta RSUs will, instead of vesting, be cancelled for cash consideration.

You can refer to your EquatePlus account Document Library for the LTIP FAQs and PSU Terms and Conditions for a reminder of what RSUs and PSUs are and what usually happens to them.

6.1 What is the treatment of my RSUs/PSUs as a result of the Acquisition?

LTIP RSUs/PSUs

Your RSUs/PSUs will vest on Court Sanction, subject to time-based proration, and will include any dividend equivalents accrued to that date. The vesting of PSUs is also (before time-based proration is applied) subject to the satisfaction of performance conditions. These performance conditions were set at grant and communicated to you at that time (see 6.2).

For every RSU/PSU that vests, you will be entitled to receive a cash amount called the **RSU/PSU Cash Consideration** less any necessary deductions for tax and social security contributions.

Court Sanction
(expected to be January 3, 2019, shortly before the transaction closes)
is the date on which the Acquisition of Shire's entire issued and to be issued share capital by Takeda via the Scheme is approved by the Royal Court of Jersey.

So instead of receiving Shire shares or Shire ADSs when your RSU/PSU vests you will receive a cash amount.

Baxalta RSUs

Your Baxalta RSUs that are outstanding at Court Sanction will be **cancelled** and you will be entitled to receive a cash amount called the **Cash Consideration** less any necessary deductions for tax and social security contributions (and potentially certain fees if you elected to receive your proceeds in a currency other than USD). This amount will be calculated as though your RSU had vested in full.

So instead of receiving Shire ADS you will receive a cash amount.

6.2 How will the performance conditions be assessed given the vesting period of my PSUs is shortened by the Acquisition?

The Shire Remuneration Committee will decide how many of your PSUs will vest taking into account whether the performance conditions have been met as at Court Sanction. You will be contacted when this determination has been made.

6.3 How many of my RSUs/PSUs will vest?

In respect of the LTIP only, the number of RSUs/PSUs that vest will depend on how long ago they were granted to you (and for PSUs, in addition, the extent to which the performance conditions have been met as at Court Sanction).

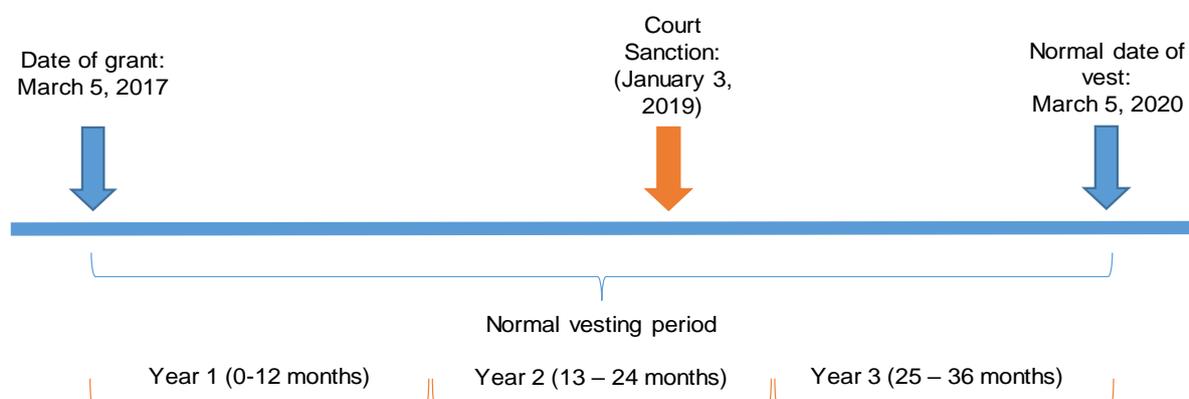
When your award vests because of the Acquisition it is subject to time-based proration. This means that the number of shares subject to the award is reduced to reflect the fact that the vesting period has been shortened.

To calculate the time-based proration applicable to your awards and therefore the extent to which awards vest and the extent to which they are forfeit, a formula is applied to each tranche of your Award. This results in the following (see 6.5 for details of what happens with any portion that is forfeit):

- If the normal vesting date falls within 12 months of Court Sanction, your RSU will vest in full on Court Sanction (i.e. no shares will be forfeited)
- If the normal vesting date falls within 13 to 24 months of Court Sanction, your RSU will vest as to 2/3rds on Court Sanction, with the remaining 1/3rd being forfeited
- If the normal vesting date falls within 25 to 36 months of Court Sanction, your RSU will vest as to 1/3rd on Court Sanction, with the remaining 2/3rds being forfeited

As an example:

One tranche of your RSU has a normal vesting date of March 5, 2020. This date falls within 13 to 24 months of Court Sanction (January 3, 2019) so 2/3rds of that tranche of your RSU will vest on Court Sanction. This means that you if you had a tranche of an RSU over 1,200 Shire shares, 800 of these would vest on Court Sanction and the remainder (400 Shire shares) would be forfeited. See 6.5 to understand what will happen to the forfeited portion.



6.4 How is the cash amount I receive calculated?

For each share subject to your RSU/PSU that vests you will receive an amount called the **RSU/PSU Cash Consideration**.

For each Shire ADS subject to your Baxalta RSU you will receive an amount called the **Cash Consideration**.

The **RSU/PSU Cash Consideration** and the **Cash Consideration** are both calculated as the higher of:

- (i) the “Court Sanction Deal Consideration” (see below); and
- (ii) the average closing middle market Shire share or Shire ADSs (as relevant) price over the 30 calendar days prior to Court Sanction.

Court Sanction Deal Consideration means the value on Court Sanction, of:

- (i) USD30.33 in cash; and the value of 0.839 Takeda Shares (if your award is over Shire shares); or
- (ii) USD90.99 in cash; and the value of 5.034 Takeda ADSs (if your award is over Shire ADSs)

See your Share Plan letter for further details on how this value is calculated.

6.5 So what happens to any portion of my RSUs/PSUs that do not vest on Court Sanction?

If a portion of your RSUs/PSUs do not vest on Court Sanction because of the time-based proration calculation, this portion will be forfeited.

You will become eligible for a Transition Award in respect of the portion that has been forfeited. Details of Transition Award arrangements are set out in [Section 10](#).

6.6 Can you show me how it will work using an example?

Continuing the example at 6.3 above, this is what would happen on Court Sanction:

- You would be entitled to receive the RSU/PSU Cash Consideration in respect of 800 Shire shares.
- Your RSUs over 400 Shire shares would be forfeited
- You would be entitled to a Transition Award in respect of your forfeited RSUs

We do not know how much the RSU/PSU Cash Consideration will be, but if we use a figure of USD 200 for illustration, you would be entitled to a cash payment equal to USD 160,000 (800 x USD 200) less any necessary deductions for tax and social security contributions.

6.7 How will I know what portion of my RSUs/PSUs will vest and how much cash I will receive?

LTIP RSUs/PSUs

Your EquatePlus account will show your current unvested RSUs/PSUs.

At Court Sanction, Shire will calculate how many of your RSUs/PSUs will vest according to the time-based proration (and for PSUs, the assessment of the performance conditions), and taking into account dividend equivalents.

The number of RSUs/PSUs that vest is currently expected to be shown in your account on EquatePlus on January 14, 2019 i.e. after the blackout period. This is the number of RSUs/PSUs in respect of which your RSU/PSU Cash Consideration will be calculated.

You will also be able to view a digital statement in your EquatePlus account within 30 days of Court Sanction which will show how many RSUs/PSUs vested and the cash amount to be paid to you in respect of each of these awards.

Baxalta RSUs

Your E*TRADE account will show your current unvested Baxalta RSUs.

You will also have a statement posted to your E*TRADE account within 30 days of Court Sanction which will show the Cash Consideration paid to you for the cancellation of your Baxalta RSUs.

6.8 Can you confirm how the payments will be made to me?

	LTIP RSUs and PSUs	Baxalta RSUs
Who will pay the cash amount to me?	Equatex via your EquatePlus account	E*TRADE
When will it be paid?	Within one month of Court Sanction	Within one month of Court Sanction
Where will it be paid to?	Bank account listed on your EquatePlus account <i>It is essential that you check your bank account details held in EquatePlus are correct</i>	Bank account listed on your E*TRADE retail account <i>It is essential that you check that your bank account details held in your E*TRADE account are correct</i>
What currency will it be paid in?	You will receive your cash payments in the normal currency paid to you by EquatePlus. Most employees receive cash in their local currency with the exception of employees in Argentina and Brazil who receive payments in USD	USD unless you otherwise elect within your E*TRADE account to receive the payment in an alternative currency (in which case certain fees may be deducted from payments made to you, as per normal practice)

6.9 Do I need to take any actions to receive my cash sum from my RSUs/PSUs?

No action is required from you. Your RSUs/PSUs will vest (or for Baxalta RSUs will be cancelled) and you will receive the cash amount automatically. Although as noted in the table above, you should check your bank account details are correct in EquatePlus or in your E*TRADE account (as applicable).

6.10 What happens if I have RSUs/PSUs that are due to vest after the start of the blackout period but before Court Sanction?

RSUs/PSUs that vest after the start of the blackout period but before Court Sanction will be settled in cash (as permitted by the rules of the relevant plans), otherwise all other terms of the vesting of the awards will be in accordance with normal application of the applicable equity plan rules.

6.11 What will happen if my RSUs/PSUs vest before Court Sanction?

If your RSUs/PSUs vest and the underlying Shire shares/ADSs are transferred to you before Court Sanction, assuming you do not sell them, you will own Shire shares or Shire ADSs prior to the record time for the Scheme, so you will be treated in the same way as all other Shire shareholders or ADS holders. Your Shire shares or Shire ADSs will be acquired by Takeda on the Acquisition for the deal consideration (as set out in the Scheme Document). You should read the Scheme Document for further information.

In summary:

The table below summarizes the treatment of your RSUs/PSUs as a result of the Acquisition.

	Treatment of RSUs/PSUs due to the Acquisition
What do I receive?	Cash
When do I receive my payout?	Within one month of Court Sanction
How much do I receive?	A cash amount based on a formula (see above for valuation method) and also time-based pro-ration (and for PSUs, the extent to which performance conditions are met)
Vesting period	Grant to Court Sanction
Do I need to do anything?	No, other than checking your bank account details held by EquatePlus or E*TRADE (as applicable) are correct

Section 7: SARs

Read this section if you have any SARs

Find out about the choices available to you and the deadline for the actions required if you make these choices

Action is required by you in respect of any SARs you hold, **including any underwater SARs**, if you would like to realize value from them

You will need to take action before **4pm EST on December 24, 2018** if you hold SARs (including underwater SARs) and want to receive a cash amount at the earliest opportunity following Court Sanction

Outcome

This will depend on the choice you make and full details of each choice are set out below

SARs were granted under the PSP prior to February 18, 2015 and under the LTIP as of February 27, 2015.

The treatment of SARs on the Acquisition is broadly the same regardless of which plan they were granted under. The only notable differences being that (i) all PSP SARs are currently vested (so there will be no time-based proration to consider) and (ii) the exercise period after Court Sanction is a maximum of 60 days under for SARs granted under the LTIP and 12 months for SARs granted under the PSP.

You can refer to your EquatePlus account Document Library for the LTIP and PSP FAQs for a reminder of what SARs are and what usually happens to them.

7.1 What is the treatment of my SARs as a result of the Acquisition?

You may currently hold SARs which have already vested and can be exercised, and you may hold SARs that have not vested yet.

On Court Sanction (currently expected to be January 3, 2019), any unvested SARs you hold will vest either in whole or in part and become exercisable. Time-based pro-ration will apply to determine the number of SARs that vest (see 7.4 below).

You have a number of choices you can make which will determine when and how you realize value from your SARs.

One of these choices gives you the opportunity to realize value from any **underwater SARs**. So there are more choices than you would normally have.

You need to take action if you wish to realize value from your SARs, whether this is prior to, on or after Court Sanction. Full details on the choices available to you are set out below.

7.2 What choices do I have?

In summary, you may have up to four choices about when to exercise your SARs. Each choice relates to the date of Court Sanction and there is a deadline for each choice.

Subject to the relevant factors set out below, you can take action in respect of your SARs:

- A. **before** Court Sanction
- B. **on** the date of Court Sanction by making a **pre-election**, (includes underwater SARs)
- C. **after** Court Sanction
- D. **never**

Your choice depends on whether your SAR is vested (i.e. capable of being exercised) and when it lapses. The deadlines are impacted by the fact that a “blackout” period is being imposed during which you are not able to exercise your SARs.

The table below sets out details about your choices. You will be contacted if any of the deadlines below change.

Choice	Which SARs?	What will I receive?	Deadline	More information
CHOICE A Exercise before Court Sanction	SARs that have vested before December 24, 2018 and have not lapsed	You will receive Shire shares/Shire ADSs	You must exercise before 4pm EST on December 24, 2018 (or such later date as may be notified to you) You do this through the EquatePlus Portal in the normal exercise process	Choice A
CHOICE B Make a pre-election to exercise on Court Sanction (or cancel those underwater)	Any of your SARs including those that are underwater at Court Sanction provided they do not lapse before that date	You will receive cash	You must make the pre-election before 4pm EST on December 24, 2018 (or such later date as may be notified to you) You do this through the EquatePlus Portal - refer to your TASK section for the pre-election exercise	Choice B
CHOICE C If you did not pick Choice A or B, exercise in the 60 days (LTIP) or 12 months (PSP) after Court Sanction (subject to any earlier lapse date specified in your EquatePlus account)	Any SARs that have not previously been exercised and that have not previously lapsed, unless they are underwater	You will receive cash	You must exercise your SARs within 60 days (LTIP) / 12 months (PSP) of Court Sanction You do this through the EquatePlus Portal in the normal exercise process After these periods, end your SARs will lapse If there is an earlier lapse date specified in your EquatePlus account, your SAR will lapse on the <u>earlier</u> date Please note that a blackout period will be imposed for a short period of time after Court Sanction, during which you will not be able to exercise your SARs	Choice C

Choice	Which SARs?	What will I receive?	Deadline	More information
CHOICE D Do nothing	All unexercised SARs	You will receive nothing. Your SARs will lapse at the end of the applicable exercise period (60 days (LTIP) / 12 months (PSP) post Court Sanction or earlier if noted in your EquatePlus account)	N/A	Choice D

Please remember that if your SAR is due to lapse before Court Sanction, it will (unless exercised) lapse on that earlier date. Choices B and C will not be open to you.

If your SAR is due to lapse after the start of the blackout period (see 7.3) (which is currently expected to be from 4pm EST on December 24, 2018) but before Court Sanction (currently expected to be January 3, 2019), if you wish to exercise them **you will need to do that before the blackout period starts or your SARs will lapse**. You will not be able to make a pre-election for these SARs nor exercise these SARs after the blackout period ends.

If your SAR is due to lapse after Court Sanction but before the end of the blackout period (currently expected to be 4pm EST on January 13, 2019), Choice C will not be open to you. You can, if you wish, exercise them before December 24, 2018 (Choice A) or make the pre-election (Choice B).

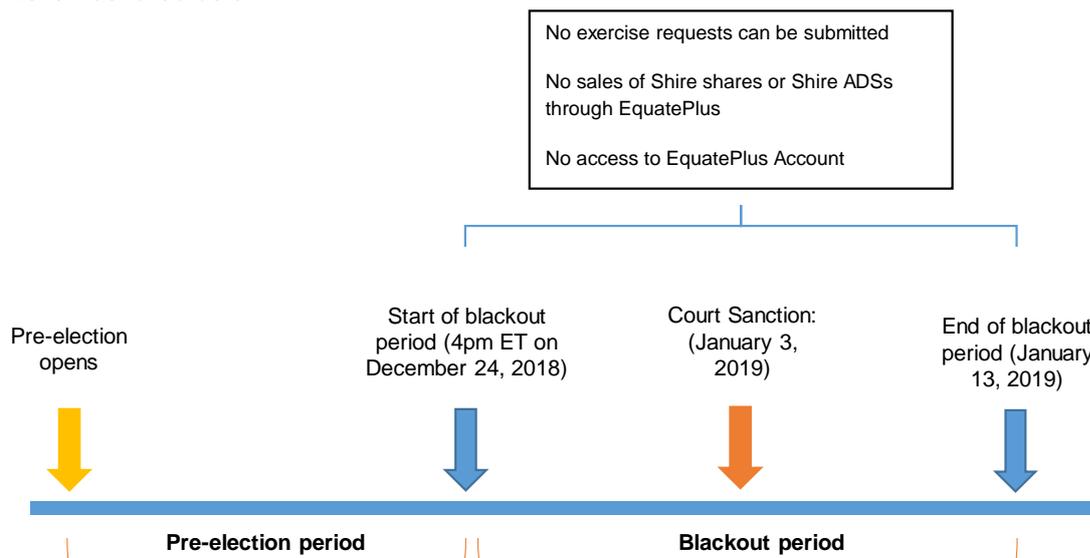
7.3 What is the blackout period?

The blackout period is a window of time during which you cannot submit an exercise request online in respect of your SARs. Nor can you access your EquatePlus account or sell any Shire shares or Shire ADSs.

If you want to exercise your SARs prior to Court Sanction you must submit your exercise request in your EquatePlus account in the usual way such that it is effective before 4pm EST on December 24, 2018 (or such later deadline as may be notified to you). The blackout period starts after this time.

The blackout period will continue beyond Court Sanction and the Effective Date and is currently expected to end on January 13, 2019. So from January 14, 2019 (assuming the blackout ends on January 13, 2019) you will be able to submit exercise requests for any SARs you still hold at that time.

This is illustrated below:



7.4 How many of my SARs will vest (LTIP only)?

The number of SARs that vest will depend on how long ago they were granted to you.

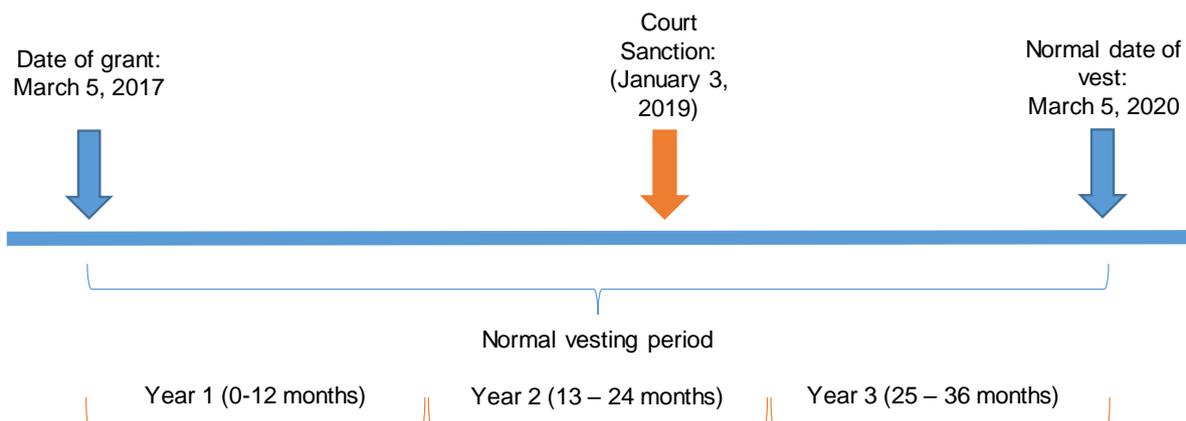
When a SAR is subject to time-based proration, the number of shares subject to the award is reduced to reflect the fact that the vesting period has been shortened.

To calculate the time-based proration applicable to your awards and therefore the extent to which awards vest and the extent to which they are forfeit, a formula is applied to each tranche of your Award. This results in the following:

- If the normal vesting date falls within 12 months of Court Sanction, your SAR/tranche will vest in full on Court Sanction (i.e. no shares will be forfeited)
- If the normal vesting date falls within 13 to 24 months of Court Sanction, your SAR/tranche will vest as to 2/3rds on Court Sanction, with the remaining 1/3rd being forfeited
- If the normal vesting date falls within 25 to 36 months of Court Sanction, your SAR/tranche will vest as to 1/3rd on Court Sanction, with the remaining 2/3rds being forfeited

We have illustrated this below:

One tranche of your SAR has a normal vesting date of March 5, 2020. This date falls within 13 to 24 months of Court Sanction (January 3, 2019) so 2/3rds of that tranche of your SAR will vest on Court Sanction. This means that if you had a tranche of a SAR over 1,200 Shire shares, 800 of these would vest on Court Sanction and the remainder (over 400 Shire shares) would be forfeited. See 7.5 below to understand what will happen to the forfeited portion.



7.5 So what happens to any portion of my SARs that do not vest on Court Sanction (LTIP only)?

If a portion of your SARs do not vest on Court Sanction because of the time-based proration calculation, this portion will be forfeited. You may become eligible for a Transition Award, in respect of the portion that has been forfeited and details are set out in [Section 10](#).

7.6 What happens to any SARs that are currently “underwater”?

Usually a SAR has no value to you if its strike price is equal to or higher than the current market value of the shares or ADSs it relates to.

If you expect your SAR to be underwater on Court Sanction then you have a way of realizing some value from it. If you make the **pre-election** for your SAR (Choice B) and it is underwater on Court Sanction, you will receive a cash payment per Shire share / Shire ADS subject to the SAR (without any reduction to reflect time-based pro-ration) equal to approximately 10% (or such other percentage as Shire may determine) of the strike price in return for the cancellation of your SAR (this is the **Compensation Payment**). This compensation payment will be paid to you by your local payroll within one month of Court Sanction.

“Underwater SARs” are those where their strike price is equal to or more than the market value of Shire shares/Shire ADSs i.e. they do not create a gain for you

You’ll agree, as part of your pre-election, to cancel the relevant SAR and that you will have no further entitlement to exercise your SAR in the future from the day of Court Sanction.

CHOICE A: Exercise SARs before Court Sanction

An action is available to you in respect of any vested SARs

You can exercise your SARs before **4pm EST on December 24, 2018**



You will receive Shire shares or ADSs

You can sell these prior to Court Sanction (provided this is effective before December 24, 2018)

If you hold them on the record time for the Scheme, Takeda will acquire your Shire shares and Shire ADSs for the Deal Consideration

A1. Which SARs can I make this choice for?

You can choose to exercise any of the SARs you hold that are currently exercisable (i.e. vested SARs) or will become exercisable prior to 4 p.m. EST on December 24, 2018 (or such later date as may be notified to you) in the normal exercise process.

You will not be able to access your EquatePlus account, nor will you be able to place any exercises online during the blackout period. You should therefore exercise before 4pm EST on December 24, 2018 if you wish to exercise before Court Sanction.

A2. What happens if I choose to exercise my vested SARs before Court Sanction?

If you do this, you will acquire Shire shares or Shire ADSs on exercise in the normal exercise process. The number of Shire shares or Shire ADSs that you acquire will be equal in value to the difference between the market value of Shire shares/Shire ADSs on the exercise date and the strike price of your SARs. Deductions may be made for income tax and social security contributions.

A3. What can I do following exercise of my SARs?

You can choose to sell your Shire shares or Shire ADSs before Court Sanction in the normal way (subject to the blackout period), or keep them.

If you choose to exercise your vested SARs before Court Sanction but you do not sell your Shire shares or Shire ADSs before the record time for the Scheme, you will be treated like any other Shire shareholder. This means that Takeda will acquire your Shire shares or Shire ADS on the Acquisition for the **Deal Consideration** (see below).

A4. What is the Deal Consideration?

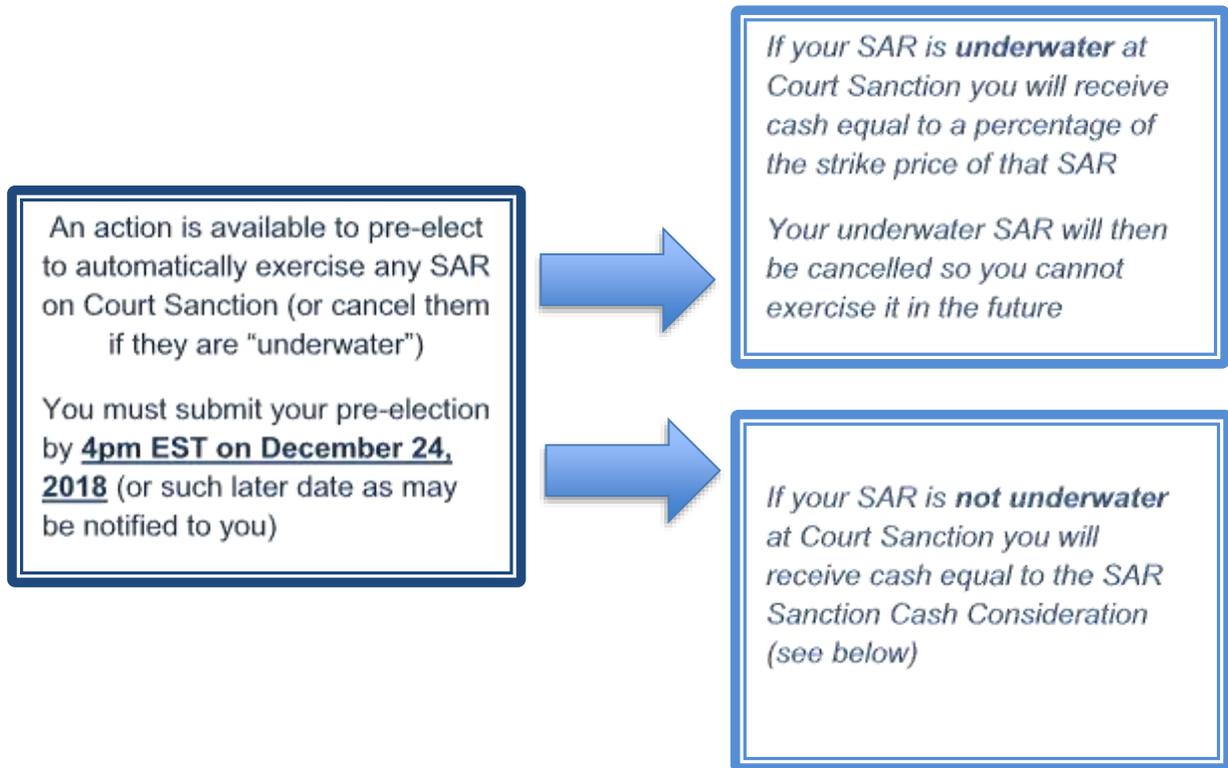
The Deal Consideration is:

- (i) \$30.33 in cash; and 0.839 New Takeda Shares OR 1.678 Takeda ADSs (if you hold Shire shares); or
- (ii) \$90.99 in cash; and 5.034 Takeda ADSs (if you hold Shire ADSs).

A5. How do I exercise my SARs before Court Sanction?

If you want to exercise any vested SARs prior to Court Sanction, please do this through your EquatePlus account following the normal exercise process. Please read the terms and conditions as normal before exercising your SAR.

CHOICE B: Make a pre-election to accept a cash amount on Court Sanction for vested and unvested SARs (including those underwater)



B1. Which SARs can I make a *pre-election* for?

You can make the ***pre-election*** for any of your SARs that will be outstanding on the day of Court Sanction, (including those that will vest on the day of Court Sanction as a result of the Acquisition) and including those that are underwater on, the day of Court Sanction. So you need to consider all of the SARs you currently hold when you make a decision.

Any ***pre-election*** must be made separately for each **grant** of SARs that you hold. This means you can decide to make the ***pre-election*** for some or all of your grants.

If you would like to see further details of each grant, please refer to your SAR award specific tile in EquatePlus.

B2. What is the *pre-election*?

The ***pre-election*** is a process for you to choose, in advance, to automatically exercise your SARs on Court Sanction (or cancel them if they are "underwater") in order to receive a cash amount.

Even if your SARs are "underwater" on Court Sanction, if you made a pre-election in respect of them, you'll receive a cash amount for the cancellation of those SARs (underwater SARs are not normally able to be exercised).

B3. What is the cash amount I will receive if I make the *pre-election*?

The cash amount you receive will depend on whether or not your SAR is underwater on Court Sanction.

a. If your SARs are not underwater on Court Sanction

You will receive a cash amount equivalent to the **SAR Sanction Cash Consideration** (see opposite) for each Shire share or Shire ADS you would have been entitled to, less any necessary deductions for tax and social security contributions.

You should be aware that in order to calculate the relevant values, certain currency exchange rates as at the relevant dates may need to be applied. Please see the Share Plan letter sent to you on November 20, 2018 by Shire and Takeda for more detail.

b. If you make a pre-election for any SARs that are underwater on Court Sanction

They will be cancelled and you will receive a cash amount per Shire Share/Shire ADS subject to the SAR (without any reduction to reflect time-based pro-ration) equal to approximately 10% (or such other percentage as Shire may determine) of the strike price (the **Compensation Payment**), less any necessary deductions for tax and social security contributions.

As noted above, in this case, the cash amount is calculated by reference to the full number of Shire shares/Shire ADSs subject to your SAR (i.e. before any time-based proration).

SAR Sanction Cash Consideration

means an amount per Shire share/Shire ADS equal to the market value of a Shire share/Shire ADS on Court Sanction, calculated as the higher of:

- (i) the value of the Court Sanction Deal Consideration; and
- (ii) the average closing middle market Shire share or Shire ADS (as relevant) price over the 30 calendar days prior to Court Sanction

Court Sanction Deal Consideration

means the value, on Court Sanction, of:

- (i) \$30.33 in cash; and 0.839 Takeda Shares (calculated by reference to the mid-market closing price of a Takeda Share on Court Sanction) (if your SAR is over Shire shares); or
- (ii) \$90.99 in cash; and 5.034 Takeda ADSs (calculated by reference to the mid-market closing price of a Takeda ADS on the New York Stock Exchange or, if not listed on the New York Stock Exchange at the relevant time, on the relevant over-the-counter market, in either case on Court Sanction) (if your SAR is over Shire ADSs)

So for example, if you have a SAR over 1,000 Shire shares with a strike price of USD 220 per share and the market value per Shire share on Court Sanction is USD 200, your Compensation Payment will, if the percentage is 10%, be calculated as:

$$10\% \times \text{USD } 220 \times 1,000 \text{ shares} = \text{USD } 22,000$$

This will be reduced by any necessary deductions for tax and social security contributions. So if 40% income tax and 5 % social security applies, you will receive a cash amount of USD 12,100 (i.e. USD 22,000 less USD8,800 income tax and USD1,100 social security).

You should be aware that in order to calculate the relevant values, certain currency exchange rates as at the relevant dates may need to be applied. Please see the Share Plan letter sent to you on November 20, 2018 by Shire and Takeda for more detail.

B4. Can you tell me now how much the cash amount would be?

No. Shire cannot confirm what the cash amount will be as it will depend on the value of Takeda Shares or Takeda ADSs on Court Sanction and also whether your SARs are underwater on that date. The calculation methods explained above will be applied at the time of Court Sanction.

B5. So I can receive cash in respect of my underwater SARs if I make the pre-election?

Yes, that is correct. SARs normally have no monetary value unless the current market value of the Shire shares or Shire ADSs subject to the SAR is greater than the strike price.

But, if the SARs are underwater on Court Sanction and you made the *pre-election* for those SARs, you'll receive the **Compensation Payment** (see B3 (b) above).

In this case you'll agree, as part of your pre-election, that you will have no further entitlement to exercise your SAR in the future from the day of Court Sanction.

B6. How will any cash amounts be paid to me?

Any cash amounts you are entitled to for pre-elected SARs will be paid to you by Equatex within one month of Court Sanction, in your local currency or the currency normally paid to you via EquatePlus. Participants in Argentina and Brazil will receive cash in USD. Any cash amount you are entitled to for pre-elected SARs that are underwater and cancelled, will be made to you by your local payroll within one month of Court Sanction.

B7. When can I make the pre-election?

If you wish to make a pre-election you must do so by the end of the pre-election window, **4pm EST on December 24, 2018** (or such later deadline as may be notified to you). You can reverse or amend a *pre-election* at any time up to and including the end of the pre-election window. Pre-elections received, or amended, after this time will not be processed.

Please make sure you have read the Terms and Conditions on the EquatePlus Portal before you make your pre-election.

B8. What if I make the pre-election but then subsequently decide to exercise my vested SARs prior to Court Sanction?

If you exercise before **4pm EST on December 24, 2018**, that's fine. The exercise of your vested SAR will be treated as set out under Choice A above and the *pre-election* you made for that SAR will not be processed.

CHOICE C: Exercise SARs after Court Sanction (no pre-election made)

An action is available to exercise any SAR after Court Sanction that is not underwater and did not previously lapse

You will need to take action before the expiry of the applicable exercise period

You will receive cash equal to the SAR Post-Sanction Cash Consideration which is impacted by the value of Takeda shares on the last day on which such New Takeda Shares were traded falling immediately prior to the date you exercise your SAR

C1. Which SARs can I exercise after Court Sanction?

You can exercise any SARs that have not previously been exercised and that have not previously lapsed, unless they are underwater.

These SARs (including those that vest on Court Sanction) will remain exercisable until the end of the applicable 60 day / 12 month exercise period (subject to any earlier lapse date), so you may still have an opportunity to exercise them if you do not exercise your SARs before Court Sanction (Choice A) or on Court Sanction (Choice B).

Shire will impose a blackout period before and after Court Sanction (currently expected to run from 4pm EST on December 24, 2018 to 4pm EST on January 13, 2019, inclusive), and EquatePlus will not allow you to exercise during this time.

C2. What is the exercise period post Court Sanction?

SARs granted under the LTIP (February 27, 2015 grants onwards) can be exercised in the period within 60 days following Court Sanction.

SARs granted under the PSP (grants before February 18, 2015) can be exercised in the period within 12 months of Court Sanction.

So for most SARs, the exercise period will be shortened as a result of the Acquisition.

If your current exercise period is due to expire before the end of the 60 day / 12 months period referred to above, it is the current expiry date that will apply. The Acquisition will not extend your current exercise period under any circumstances.

You can check whether your SARs were granted under the LTIP or PSP by logging onto your EquatePlus account and viewing the details of your awards. You can also see your expiration date noted under each SAR in your EquatePlus account.

C3. What happens if I choose to exercise my SARs after Court Sanction?

If you choose to exercise your SARs during the exercise period after Court Sanction, you will receive a cash payment in lieu of Shire shares or Shire ADS (referred to as the **SAR Post-Sanction Cash Consideration**).

C4. What is the cash amount I will receive?

The **SAR Post-Sanction Cash Consideration** is a cash amount equal to the market value of the aggregate of the Shire shares or Shire ADSs you would have been entitled to on the date of exercise, less any necessary deductions for tax and social security contributions.

This value is calculated as:

- (i) USD30.33 in cash; and 0.839 New Takeda Shares (calculated by reference to the mid-market closing price of a New Takeda Share on the last day on which such New Takeda Shares were traded falling immediately prior to the date of exercise) (if your SAR is over Shire shares); or
- (ii) USD90.99 in cash; and 5.034 Takeda ADSs (calculated by reference to the mid-market closing price of a Takeda ADS on the last day on which such Takeda ADSs were traded falling immediately prior to the date of exercise) (if your SAR is over Shire ADSs)

This value is not calculated on the same basis as the cash you receive if you choose to exercise your SAR on Court Sanction.

This is because the above formula uses the value of a Takeda share on the last day on which they were traded falling immediately prior to the date of exercise (rather than the date of Court Sanction). It also does not compare this to a 30 day average of the Shire share or Shire ADS price. It is important to note that as the value you will receive on exercise is linked to the value of a New Takeda Share/ADS, the value of your SAR can go down as well as up.

You should be aware that in order to calculate the relevant values, certain currency exchange rates as at the relevant dates may need to be applied. Please see the Share Plan letter sent to you on November 20, 2018 by Shire and Takeda for more detail.

C5. Can you tell me now how much the cash amount would be?

No. Shire cannot confirm what the cash amount will be as it will depend on the value of Takeda Shares or Takeda ADSs on the last day on which they were traded falling immediately prior to the date of exercise. The calculation method explained above will be applied at the date of exercise.

C6. Will I receive the Compensation Payment if any of my SARs are underwater?

No, you will not be eligible to receive the Compensation Payment (explained at 7.6 above) in respect of any SARs you continue to hold after Court Sanction that are or become underwater.

You will only receive the Compensation Payments for SARs that are underwater on Court Sanction and for which you made the **pre-election** (under Choice B explained above).

C7. How will any cash amounts be paid to me?

Any cash amounts you are entitled to will be paid to you by Equatex within one month of the exercise date, in your local currency, or the normal currency paid to you via EquatePlus. Participants in Argentina and Brazil will receive cash proceeds in USD.

C8. What happens after the end of the exercise period?

Any SARs (including underwater SARs) not exercised by the end of the relevant exercise period will lapse and you will not receive any cash payments.

CHOICE D: Do nothing

D1. Which SARs can I make this choice for?

You can choose to take no action for any of your SARs but you should be aware that you may lose the opportunity to realize any value from your SARs.

D2. What happens if I choose to take no action for any of my SARs?

If you do not take any action for your SARs before the end of the applicable exercise period your SARs will lapse for no consideration. No extensions may be offered to the exercise period should you change your mind or fail to exercise within the allotted timeframe.

D3. Please can you remind me of the applicable exercise period?

SARs granted under the LTIP (February 27, 2015 grants onwards) can be exercised in the period within 60 days of Court Sanction.

SARs granted under the PSP (grants prior to February 18, 2015) can be exercised in the period within 12 months of Court Sanction.

So for most SARs, the exercise period will be shortened as a result of the Acquisition.

If your current exercise period is due to expire before the end of the 60 day /12 months period referred to above, it is the current expiry date that will apply to you (as specified in your EquatePlus account). The Acquisition will not extend your current exercise period under any circumstances.

You can check the current expiry date for your SARs by logging onto the EquatePlus portal and viewing the details of your awards.

Making your decision

7.7 I am not sure when I should exercise my SARs. Can Shire or Takeda provide me with advice?

Neither Shire nor Takeda can give you any investment advice. However, the Shire Board recommends that if you hold SARs, you exercise your SARs before they lapse. If you hold SARs, you should consider your own personal circumstances, including your tax position, when deciding your preferred timing for exercising your SARs.

You should consult a suitably qualified and independent financial advisor if you require any advice.

7.8 Can you tell me what I should consider when making a decision?

We have set out below some factors you may wish to consider when making your decision. This is not an exhaustive list however and there may be other factors you should take into account and some of the factors below may not be relevant to you. Neither Shire nor Takeda can determine which factors (including others not listed below) are most relevant to you or advise you how you should decide. Ultimately you need to make your decision based on your own personal circumstances and preferences and neither Shire nor Takeda will have any responsibility for or liability to you in respect of your decision. We encourage you to seek advice from an appropriately qualified and independent financial, tax or other professional adviser before making your decision if you have any doubts as to what you should do.

- Do you hold underwater SARs, or SARs that are likely to be underwater on Court Sanction? If so, and you think these would remain underwater until the end of the applicable exercise period then making a pre-election (Choice B) may be the only opportunity to realize any value from these SARs.
- When would your SAR normally lapse? The Acquisition will not delay any lapse date currently applicable to your SAR. Please note if your SAR is scheduled to lapse during the designated blackout period, you will not be able to exercise it during that time, nor will it be available to you to exercise after the blackout period ends as it will have lapsed.
- Assuming Choice A is available to you (i.e. you hold SARs that are currently vested or that will vest before December 24, 2018), do you want to receive Shire shares/ Shire ADSs and potentially have these sold in return for cash and New Takeda Shares / ADSs or would you prefer to receive cash only?
- What is your view on the future value of Takeda Shares/Takeda ADSs at the relevant dates (e.g. Court Sanction, post Court Sanction) as this value will impact the cash amount you'll receive if you pre-elect to exercise your SARs on Court Sanction (Choice B) or exercise post Court Sanction (Choice C).
- What is your view on the tax rates that will apply to you at the date of exercise?
- What do you think will happen to the relevant currency exchange rates in the future?

A summary reminder of your choices is provided on the following page.

Your choices can be summarized as follows:

What choices are available to me with respect to my SARs?

	CHOICE A: Exercise SARs <u>before</u> Court Sanction	CHOICE B: Make a pre-election to accept cash amount <u>on</u> Court Sanction for SARs*	CHOICE C: Exercise SARs <u>after</u> Court Sanction (no pre-election made)*	CHOICE D: Do nothing
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SARs that are, or will become, exercisable (i.e. vested SARs) before Court Sanction

YES

YES

YES

YES

SARs that will vest on Court Sanction subject to time-based proration

NO

YES

YES

YES

Outcome for you of making this choice

You will acquire Shire shares or Shire ADSs on exercise in the normal way, which you can choose to sell or keep prior to Court Sanction

If you still hold the Shire shares or ADSs at the record time for the Scheme, you will be treated like any other Shire shareholder or ADS holder

Takeda will acquire your Shire shares and Shire ADSs for the Deal Consideration

Automatic exercise of your SARs on Court Sanction (or cancellation if they are “underwater”)

*You will receive a cash amount equivalent to the **SAR Sanction Cash Consideration** (see above) for each Shire share or Shire ADS you would have been entitled to, less any necessary deductions for tax and social security contributions*

OR

*If your SARs are underwater on that date, you will receive the **Compensation Payment**, calculated as a percentage of the relevant SAR’s strike price for each share/ADS subject to the SAR (refer to 7.6 above)*

You can choose to exercise your SARs during the applicable exercise period after Court Sanction. Note you will not be able to exercise any underwater SARs

On exercise, you will receive a cash amount equal to the value of the Shire shares or Shire ADSs you would have been entitled to on exercise, less any necessary deductions for tax and social security contributions (see above for how this amount is calculated)

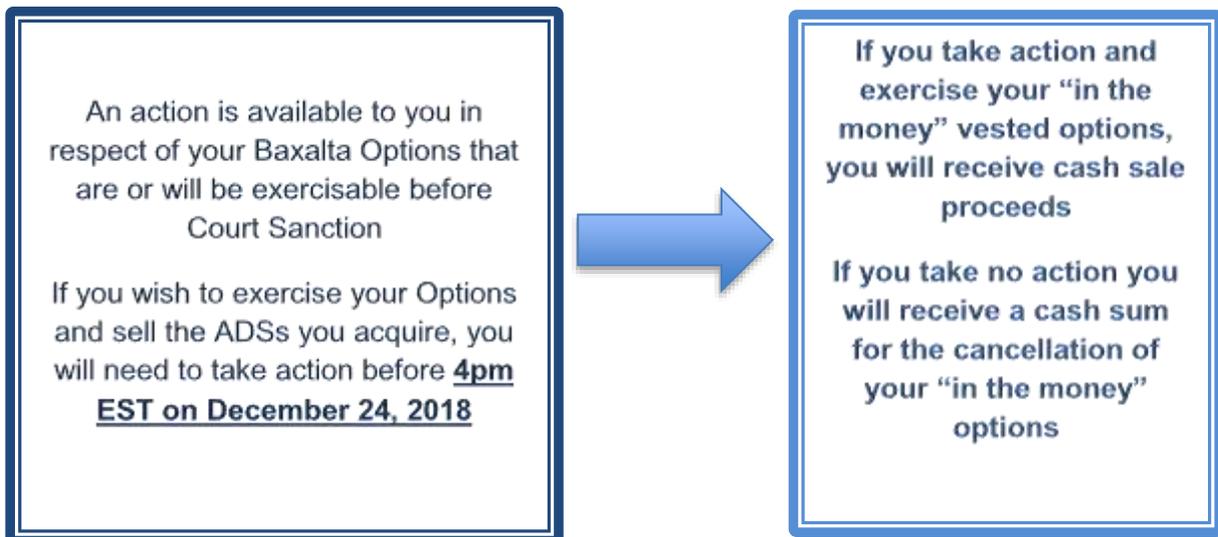
If you do not take any action with respect to your vested SARs before the expiry of the applicable exercise period your SARs will lapse for no consideration

*You can only select Choice B or C if your SARs do not lapse before Court Sanction

Section 8: Baxalta Options

Read this section if you have Baxalta Options

Find out what happens to your Baxalta Options and the choices available to you



*Options were granted under the Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards (the “**Baxalta Exchange Awards**”). These options were granted by Shire in exchange for options that were originally granted by Baxalta following the transaction with Baxalta in 2016.*

*You can refer to the Plan Terms and Conditions posted to E*TRADE’s document library for a reminder of what options are and what usually happens to them.*

8.1 What is the treatment of my Baxalta Options as a result of the Acquisition?

It depends on whether or not your Baxalta Options are (or will become) exercisable before Court Sanction and also whether they are “in the money”.

“In the money” options have a strike price that is less than the market value of Shire ADSs i.e. you can exercise your option and sell the ADSs acquired from your exercise for a higher price than the strike price

“Underwater” options have a strike price that is equal to or more than the market value of Shire ADSs

If any of your options exist at Court Sanction and are underwater then you will not receive a cash payment for them and they will be cancelled.

Your options are or will be exercisable **before December 24, 2018** (or such later deadline as may be notified to you)

(All grants other than some in April 2015 and June 2015)

Options not exercisable **before December 24, 2018** (or such later deadline as may be notified to you)

(Some grants in April 2015 and June 2015)

If they are “**in the money**” you have a choice about what to do

Treatment is automatic

Choice A

Take no action

Your options will be **cancelled** on Court Sanction and you will receive a cash payment called the “**Cash Consideration**”

See [here](#) for details

Choice B

Exercise

Exercise your options before Court Sanction (provided instruction is received before December 24, 2018) and receive sale proceeds from the sale of the ADSs acquired on exercise

See [here](#) for details

Automatic Treatment

All options are cancelled on Court Sanction and for those options that are “in the money”, you will receive a cash payment called the “**Cash Consideration**”

See [here](#) for details

CHOICE A (Take no action) or Automatic Treatment: Options will be cancelled for Cash Consideration

A1. How is the cash amount I am entitled to determined?

The **Cash Consideration** that you'll receive for each ADS subject to your option is calculated as the higher of:

- (i) the Court Sanction Deal Consideration (see below); and
- (ii) the average closing middle market Shire ADSs price over the 30 calendar days prior to Court Sanction.

Court Sanction Deal Consideration means the value on Court Sanction, of: USD90.99 in cash; and the value of 5.034 Takeda ADSs (calculated by reference to the mid-market closing price of a Takeda ADS on the New York Stock Exchange or, if not listed on the New York Stock Exchange at the relevant time, on the relevant over-the-counter market, in either case on Court Sanction).

Please see the relevant Share Plan letter for further details relating to currency exchange rates etc.

A2. How will I be notified of the cash sum I am entitled to?

Your E*TRADE account will show your unvested and vested (but unexercised) Baxalta Options. At Court Sanction all of your unvested and vested (but unexercised) Baxalta Options will be cancelled.

You will also receive a statement within 30 days following Court Sanction which will show the cash amount paid to you for the cancellation of your "in the money" options.

A3. When and how will I be paid my cash sum?

The cash amount will be paid to you by E*TRADE within one month of Court Sanction. This will be paid into the bank account listed on your E*TRADE retail account so it is essential that you check that your bank account details held on the E*TRADE System are correct.

A4. In what currency will I receive my cash sum?

The cash amount will be paid to you in USD (unless you otherwise elect within your E*TRADE account to receive the payment in an alternative currency - this may mean certain fees are also deducted from payments made to you as per normal practice) after any necessary deductions for tax and social security contributions (and, if applicable, the aforementioned fees).

A5. Do I need to take any actions to receive my cash payment from my Baxalta Options?

This is the default proposal so no action is required from you. Your unvested and vested (but unexercised) Baxalta Options will be cancelled at Court Sanction and, if they are in the money, you will receive automatically the Cash Consideration, after any necessary deductions for tax and social security contributions.

CHOICE B: Exercise your options

An action is available to you in respect of your Baxalta Options that are or will be exercisable before Court Sanction

If you wish to exercise your options and sell your ADSs received from that exercise, you will need to take action before **4pm EST on December 24, 2018** (or such later date as may be notified to you)



If you exercise your vested options you will receive sale proceeds from the automatic sale of the ADSs acquired on exercise

B1. If I chose to exercise my “in the money” Baxalta Options before Court Sanction, what will I receive?

You will receive the proceeds from the sale of the ADSs acquired on exercise. Remember that under normal circumstances, the only exercise method for your Baxalta Options is an “exersale” – so on exercise all the Shire ADSs you acquire are sold immediately and you receive the cash sale proceeds (after any necessary deductions for tax and social security contributions).

B2. How do I exercise my options before Court Sanction?

If you want to exercise your vested Baxalta Options before Court Sanction you can do this by logging onto www.etrade.com until the earlier of any lapse date communicated to you or 4pm EST on December 24, 2018 (or such later deadline as may be notified to you). After this time Shire will impose a trading blackout period before Court Sanction and E*TRADE will not allow you to exercise during this time.

B3. When and how will I be paid my cash proceeds for options exercised before Court Sanction?

The cash proceeds will be paid to you by either Shire Payroll or E*TRADE following the normal process and timeline.

B4. In what currency will I receive my cash proceeds?

Following the normal process, when cash proceeds are paid to you via Shire Payroll, you will be paid in your local currency. For those countries receiving proceeds directly from E*TRADE, you will be paid in USD (unless you otherwise elect within your E*TRADE account to receive the payment in an alternative currency - this may mean certain fees are also deducted from payments made to you as per normal practice) after any necessary deductions for tax and social security contributions (and, if applicable, the aforementioned fees).

B5. Do I need to take any actions to exercise and receive the sale proceeds from my Baxalta Options?

Yes. You will need to exercise your “in the money” options by the deadline of **4pm EST on December 24, 2018 (or such later date as may be notified to you)**. The Shire ADSs you acquire will be sold immediately as part of the “exersale” and you will receive the cash sale proceeds (after any necessary deductions for tax and social security contributions) automatically.

In summary

The table below summarizes the treatment of your Baxalta Options as a result of the Acquisition.

	Baxalta Options that are “in the money” and are or <u>will</u> become exercisable before December 24, 2018 (or such later deadline as may be notified to you)	Baxalta Options that are in the money and <u>will not</u> become exercisable before December 24, 2018 (or such later deadline as may be notified to you)
What do I receive?	Cash (if you take no action or if you exercise your options)	Cash
When do I receive my pay-out?	Within one month of Court Sanction (or exercise, if you choose to exercise prior to December 24, 2018)	Within one month of Court Sanction
How much do I receive?	If you take no action – a cash amount based on a formula (see valuation method above) or If you exercise your options – the sale proceeds from the sale of the Shire ADSs that you acquired on exercise	A cash amount based on a formula (see valuation method above)
Vesting period	Grant to normal vest date (i.e. before Court Sanction) (subject to any earlier lapse date)	Grant to Court Sanction (subject to any earlier lapse date)
Do I need to do anything?	Yes if you would like to exercise before Court Sanction; otherwise no action required other than checking your bank details are correct	No, other than checking your bank details are correct - treatment is automatic

Section 9: Information applicable to all share awards

9.1 What happens if I am normally subject to the Shire Dealing Policy?

If you are normally subject to the Shire Securities Dealing Policy, Shire will notify you of any dealing restrictions that may be relevant for you and therefore have an impact on the choices available to you and/or the timeframe within which you can take any actions that may be available to you.

9.2 What is the typical tax treatment of the cash amounts?

In most countries, if you receive any of the following cash amounts, you will be taxed in the same way as any other employment income you earn.

- RSU/PSU Cash Consideration for LTIP RSUs or PSUs
- Cash Compensation for cancellation of Baxalta RSUs and Baxalta Options
- SAR Sanction Cash Consideration (Choice B)
- SAR Post-Sanction Cash Consideration (Choice C)

This means that in most countries you will be subject to income tax at your marginal rate and, where applicable, social security contributions on the cash.

In most countries, you will receive the cash amount net of any income tax and social security contributions as Shire is required to report the income and withhold and pay over the taxes due directly to the local tax authorities.

In some countries, Shire does not have to withhold and pay the tax to the local tax authority and so it will be up to you to report the income and pay the relevant tax on your annual tax return.

If you exercise your SARs or Baxalta Options before December 24, 2018 and acquire Shire shares or Shire ADSs, you will be taxed on the acquisition of your Shire shares or Shire ADSs in the normal way that exercises are currently taxed. Please refer to the tax information already available to you within EquatePlus or E*TRADE for the share awards you hold.

9.3 What will happen if the Acquisition does not go ahead?

If the Acquisition does not happen for any reason any share awards you hold under the LTIP, PSP or Baxalta Exchange Awards will continue as normal subject to the rules of the relevant plan. This means that they will normally vest according to the dates provided to you at grant. However, if you chose to exercise a SAR or Baxalta Options prior to Court Sanction, that exercise will remain effective and you will receive Shire shares or Shire ADSs, as normal (except for Baxalta Options where you will be required to sell your Shire ADSs immediately on exercise).

9.4 If I am a current employee of Shire but I leave employment with Shire before Court Sanction, what will happen?

If your employment with Shire or another member of the Shire Group ceases before Court Sanction the leaver provisions will apply in the normal way.

If you leave and are considered a “good leaver”:

- Your Baxalta Options, LTIP RSUs and LTIP SARs will vest (or, in the case of the PSP, remain exercisable) on the date your

Who is a “good leaver”?

A “good leaver” is defined in the plan rules. Examples include someone who leaves because of redundancy, disability or qualified retirement.

employment ends (or a later date as the Shire Remuneration Committee may determine). Your SARs and options will normally remain exercisable for a 12 month period from the date your employment ends, unless the award expires earlier. Please note that Court Sanction may curtail this exercise period (in the case of the LTIP) but will not extend it. The exercise period will be a maximum of 60 days from Court Sanction for LTIP SARs and 12 months from Court Sanction for PSP SARs.

- Your PSUs will vest on the normal vesting date (which would be Court Sanction if the Acquisition goes ahead), subject to satisfaction of performance conditions, unless the Shire Remuneration Committee determines that it will vest on the date your employment ends or another date.

For all LTIP awards and Baxalta Exchange Awards, your award will be subject to time-based proration based on your termination date. Any PSP SARs will be fully vested so no time-based proration will apply.

Under the LTIP or PSP, if you leave and are considered a “bad leaver” (for example, you resign for voluntary reasons all your unvested awards will lapse on the date that your employment ceases. If you are terminated for “cause” your vested SARs, as well as all unvested awards will lapse in full. Therefore you will receive no value from these awards.

Under the Baxalta Exchange Award, if you leave and are considered a “bad leaver” you will have up to 90 days to exercise your vested options after which they will lapse in full (unless earlier cancelled on Court Sanction). If you are terminated for “cause”, your vested options will lapse in full upon your termination.

You will not be eligible to receive a Transition Award.

9.5 If I am a current employee of Shire but I leave employment after Court Sanction, what will happen?

If you leave employment after Court Sanction, your awards under the LTIP and Baxalta Exchange Awards (other than unexercised SARs) will not be affected as they will have either vested/been cancelled or lapsed on Court Sanction before you left employment.

Any SARs (whether they vested previously or vest on Court Sanction) that are not exercised on or before Court Sanction will normally remain outstanding until the earlier of any lapse date previously communicated to you and the date falling 60 days (LTIP SARs) or 12 months (PSP SARs) from Court Sanction. However, if you are dismissed due to cause, your SAR will lapse on the date of termination of employment.

However, if you are eligible for a Transition Award, leaving employment after Court Sanction may have an effect on that award. Go to [Section 10](#) for details on Transition Awards.

9.6 If I still hold Baxter awards, will the Takeda acquisition have any impact on those awards or shares?

No, those awards are not funded by Shire and they will not be impacted. You will continue to hold them in E*TRADE and they will be subject to the same terms and conditions under the Baxter Plan.

Section 10: Transition Awards

Read this section if you are granted a Transition Award

Find out about your Transition Awards

No action is required by you in respect of your Transition Awards

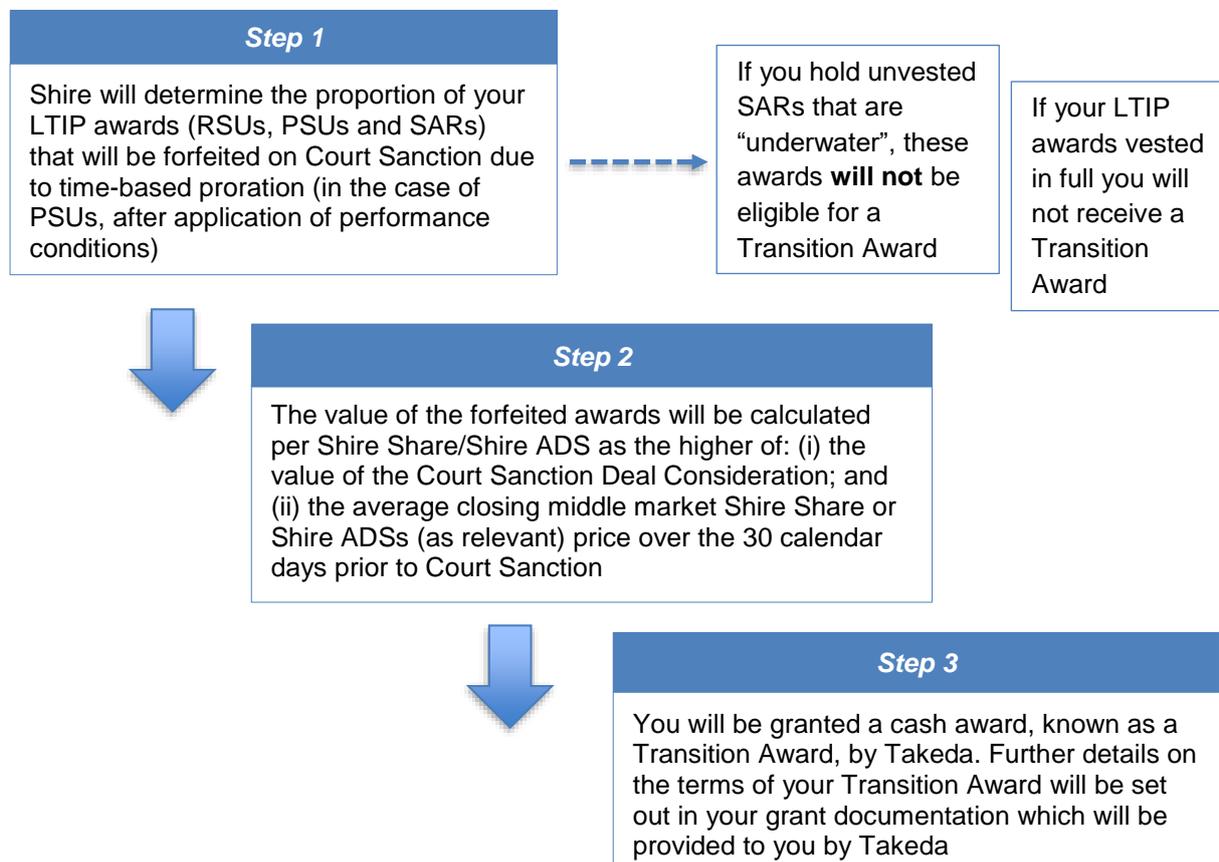
10.1 What is a Transition Award?

Under the terms of the Acquisition, Takeda has agreed to grant a cash award to you if part of your LTIP awards (RSUs, PSUs or SARs) were forfeited due to time-based proration (and, where relevant, after assessment of performance) in connection with the Acquisition. This is on the basis condition that you are still employed by the Shire Group on the date of Court Sanction. This cash award is referred to as the Transition Award.

Court Sanction (expected to be January 3, 2019, shortly before the transaction closes) is the date on which the Acquisition of Shire's entire issued and to be issued share capital by Takeda via the Scheme is approved by the Royal Court of Jersey.

10.2 How will my Transition Award be determined?

There are 3 steps in determining whether you will be granted a Transition Award and, if you are, its size.



10.3 What will the vesting period be for Transition Awards?

The original vesting period of your LTIP awards will apply to your Transition Awards.

This means that your Transition Award(s) will vest on the same date (or dates) your LTIP awards would have vested if the Acquisition had not occurred. These dates were confirmed to you when your LTIP was granted. Your Transition Awards will vest in the same proportions as your LTIP awards.

Full details of the terms and conditions relating to your Transition Award will be sent to you by Takeda.

10.4 Will any performance conditions apply to my Transition Award?

No performance conditions will apply to your Transition Award.

10.5 If I am a current employee of Shire but I leave employment with Shire and Takeda after Court Sanction, what will happen to my Transition Award?

If your employment is terminated:

- (i) by your employer for any reason other than for Cause (as defined in the Share Plan letter); or
- (ii) due to death or disability; or
- (iii) by you, for Good Reason (as defined in the Share Plan letter),

your Transition Awards will vest in full on the date your employment is terminated.

If your employment is otherwise terminated (other than for Cause) or you resign on or after 12 months from the Effective Date, your Transition Awards will vest but shall be reduced to reflect the amount of time between grant of your original LTIP award and the date your employment is terminated.

If you leave employment in the 12 months after the Effective Date without a Good Reason or you are terminated by your employer for Cause, your Transition Awards will lapse.

Effective Date means the date the Acquisition is due to close. This is currently due to take place a few days after "Court Sanction"

Section 11: Who should I contact if I have any questions?

Equity Helpline

The Equity Helpline can provide clarification on the details in the Share Plan letters and this FAQ document about the impact of the Acquisition on your share awards. The helpline cannot provide you with any personal tax, financial or investment advice.

The Equity Helpline

- The Equity Helpline opens on November 20, 2018.
- If you are in the United States, please call **+00 (1) 833-231-4675** or email **shire.helpline@uk.pwc.com**. This helpline is open Monday to Friday (excluding public holidays) between 9.00 a.m. EST to 5.00 p.m. EST. This is a US telephone number and calls will be charged at the standard geographic rate and will vary by provider.
- If you are in the United Kingdom, please call **+44 (0) 20 7804 2255** or email **shire.helpline@uk.pwc.com**. This helpline is open Monday to Friday (excluding public holidays) between 9.00 a.m. to 5.00 p.m. (UK time). This is a UK telephone number and calls will be charged at the standard geographic rate and will vary by provider.
- If you are in any other country, you can call whichever helpline is closest to your time zone. Calls outside of the US or UK (as applicable) will be charged at the applicable international rate.

We anticipate that the Equity Helpline will be open until the end of January 2019. The US helpline will be closed on Thursday 22 November and Friday 23 November 2018 for the Thanksgiving holiday.

Portal Information

	EquatePlus	E*TRADE
<i>Online</i>	<ul style="list-style-type: none"> • From Inside the Shire Network: May be accessed via HRConnect portal under <u>Long Term Incentives>Accessing your Shares>EquatePlus</u> • From Outside the Shire Network: https://www.equateplus.com 	<ul style="list-style-type: none"> • https://www.Etrade.com
<i>Phone</i>	<p>Toll free numbers</p> <ul style="list-style-type: none"> • International: +800 402 000 29 (must use country dialling prefix code) • US: 1-844-312-1412 • CH, EU countries: 00 800 402 000 29 	<p>Contact numbers for stock plans customer service:</p> <ul style="list-style-type: none"> • US Participants: 1-800-838-0908 • Non-US: 1-650-599-0125

The directors of Shire (who are listed below) accept responsibility for the information contained in this Frequently Asked Questions document. To the best of the knowledge and belief of the directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Shire are as follows:

*Susan Kilsby
Flemming Ornskov
Thomas Dittrich
Olivier Bohuon
Ian Clark
Gail Fosler
Steven Gillis
David Ginsburg
Sara Mathew
Albert Stroucken*

This document has been prepared by Shire for the benefit of holders of awards under the Shire Portfolio Share Plan, the Shire 2015 Long Term Incentive Plan and the Baxalta Incorporated 2015 Incentive Plan and the Governing Terms of the Substitute Awards. This document should not be copied or relied upon by anyone who is not a holder of awards under the above plans.

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A copy of this document is also available on the Shire website at <http://investors.shire.com/takeda> and on the Takeda website at <https://www.takeda.com/investors/offer-for-shire/offer-for-shire-details/>.