

November 20, 2018



## Recommended offer for Shire plc by Takeda Pharmaceutical Company Limited

### Impact on Shire Deferred Bonus Plan 2015 (DBP): Frequently Asked Questions

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 DBP awards that you hold at the time of the Scheme being sanctioned by the Royal Court of Jersey will be impacted by the Acquisition.

The purpose of this document is to help you understand the information in the very important Share Plan letter you have received in respect of your DBP awards. In the event of any differences between this document and the Share Plan letter, rules of the DBP or the applicable legislation, the Share Plan letter, 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.

If you hold share awards under any other Shire Share Plan, you will have received separate Share Plan letters in respect of the awards under each plan, and also information on how to access a comprehensive Frequently Asked Questions (FAQ) document.

*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.*

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Awards granted under the DBP are Restricted Stock Units (“**RSUs**”) and Restricted Stock Awards (restricted American Depositary Shares (“**ADSs**”) taxed upon issuance) (“**RSAs**”). This document only relates to RSUs. If you hold RSAs, you should refer to the Scheme Document for details on how your Shire ADSs will be treated under the Acquisition.

You can confirm your holding of RSUs by checking your EquatePlus account.

No action is required by you in respect of your RSUs  
Read the details below to understand the impact of the  
Acquisition on your RSUs

### **1. What will be different as a result of the Acquisition?**

All of your RSUs will vest on the date on which the Royal Court of Jersey sanctions the Scheme (currently expected to take place on January 3, 2019) (“**Court Sanction**”), instead of the normal vesting date. You will be entitled to receive a cash amount (called the “**Cash Consideration**”) in lieu of any Shire shares/Shire ADSs that you may otherwise be entitled to, less any necessary deductions for tax and social security contributions. In addition, you will receive any dividend equivalents accrued up to Court Sanction.

So, instead of receiving Shire Shares or Shire ADSs when your RSU vests, you will receive a cash amount, less any necessary deductions for tax and social security contributions.

### **2. How is the cash amount I am entitled to determined?**

For each RSU that vests on Court Sanction, you will receive an amount called the **Cash Consideration**. It is calculated as the higher of:

- (i) the Court Sanction Deal Consideration (see below); 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) USD30.33 in cash and the value of 0.839 Takeda Shares (if your RSU is over Shire Shares); or
- (ii) USD90.99 in cash; and the value of 5.034 Takeda ADSs (if your RSU is over Shire ADSs).

Please see the Share Plan letter for further details as to how the relevant values will be calculated, including in respect of any applicable currency exchange rates.

### **3. How will I be notified of the cash amount I am entitled to?**

Your EquatePlus account will show your current unvested RSUs. At Court Sanction, all your unvested RSUs will vest in full.

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Your vested RSUs are currently expected to be shown in your account on EquatePlus on January 14, 2019 (but this date may change if the Court Sanction date changes). This will be the number of RSUs, plus any dividend equivalents accrued up to Court Sanction, in respect of which your Cash Consideration will be calculated.

You will also be able to access a digital statement in your EquatePlus account within 30 days following Court Sanction, which will show how many RSUs vested and the cash amount paid to you in lieu of Shire Shares or Shire ADSs.

**4. What is the typical tax treatment of the cash amount?**

In most countries, the cash amount you receive will be taxed in the same way as any other employment income you earn. This means that, in most countries, you will usually be subject to income tax at your marginal rate and, where applicable, social security contributions on the cash amount you will receive. In most countries, you will receive the cash amount net of any income tax and social tax as Shire will be 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.

**5. When and how will I be paid my cash amount?**

The cash amount will be paid to you by Equatex within one month of Court Sanction. This will be paid into the bank account listed in your EquatePlus account, so it is essential that you check that your bank account details held in EquatePlus are up to date and correct.

**6. In what currency will I receive my cash amount?**

All employees will receive cash in their local currency after any necessary deductions for tax and social security contributions.

**7. Do I need to take any actions to receive my cash amount?**

No action is required from you. Your RSUs will vest on Court Sanction and the relevant cash amount will be paid into the bank account listed in your EquatePlus account automatically.

**8. What will happen if the Acquisition does not go ahead?**

If the Acquisition does not complete for any reason, any share awards which you hold under the DBP will continue to be held as normal, subject to the rules of the DBP. This means that they will vest according to the information provided to you at grant.

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

If you leave the employment of Shire (or any member of the Shire Group) before Court Sanction, the leaver provisions under the DBP will apply in the normal way.

This means that if you leave and are considered a “good leaver”, your award will vest on the normal vesting date (or Court Sanction, if earlier). If

**Who is a “good leaver”?**

A “good leaver” includes leaving Shire other than due to misconduct or breach of employment terms.

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your employment with Shire terminates due to your death, your RSU will vest on the date of death.

If your employment is terminated by Shire due to misconduct or breach of the terms of employment, your RSU will lapse on the day of your termination. Therefore you will receive no value from your RSU.

### **10. 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 DBP awards will not be affected as they will have either vested or lapsed before you left employment i.e. on Court Sanction.

### **In summary**

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

	<b>Treatment of DBP RSUs due to the Acquisition</b>
<b>What will I receive?</b>	Cash in your local currency
<b>When will I receive my payout?</b>	Within one month of Court Sanction
<b>How much will I receive?</b>	A cash amount based on a formula (see above for valuation method) after any necessary deductions for tax and social security contributions.
<b>Vesting period</b>	From grant to Court Sanction
<b>How will I be paid?</b>	Directly into the bank account listed in your EquatePlus account
<b>Do I need to do anything?</b>	You will be paid automatically  However, you should check that your bank account details held in EquatePlus are up to date and correct

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## 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 on 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
<i>Online</i>	<ul style="list-style-type: none"><li>• <b>From Inside the Shire Network:</b> May be accessed via HRConnect portal under <u>Long Term Incentives&gt;Accessing your Shares&gt;EquatePlus</u></li><li>• <b>From Outside the Shire Network:</b> <a href="https://www.equateplus.com">https://www.equateplus.com</a></li></ul>
<i>Phone</i>	Toll free numbers <ul style="list-style-type: none"><li>• International: +800 402 000 29 (must use country dialling prefix code)</li><li>• US: 1-844-312-1412</li><li>• CH, EU countries: 00 800 402 000 29</li></ul>

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*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  
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*This document has been prepared by Shire for the benefit of holders of awards under the Shire Deferred Bonus Plan 2015. This document should not be copied or relied upon by anyone who is not a holder of awards under the Shire Deferred Bonus Plan 2015.*

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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/>.*