

This letter and its appendices are important and require your immediate attention.

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from a 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 in a territory outside the United Kingdom.

November 20, 2018



Dear Participant

The Shire Deferred Bonus Plan 2015 and the recommended cash and share offer for Shire plc by Takeda Pharmaceutical Company Limited

Shire plc (“**Shire**”) and Takeda Pharmaceutical Company Limited (“**Takeda**”) announced on May 8, 2018 that they had reached agreement on the terms of a recommended cash and share offer for the entire issued and to be issued share capital of Shire by Takeda (the “**Acquisition**”).

Why are we writing to you?

We are writing to explain how the Acquisition will affect your awards under the Shire Deferred Bonus Plan 2015 (the “**DBP**” and such awards being “**DBP Awards**”) and the decisions you may need to make.

Please read everything in this letter and its Appendices. **Their contents are very important.**

Most DBP Awards were granted in the form of Restricted Stock Units. However, if you hold a Restricted Stock Award under the DBP (restricted ADSs taxed upon issuance), please read the Scheme Document as this will set out what action (if any) you should instruct the nominee to take in respect of your Shire ADSs.

If you participate in other Shire share plans you are also being written to separately about the effect of the Acquisition on your other options or awards. Please read those letters carefully.

The Acquisition

The Acquisition will result in Shire and its subsidiaries becoming wholly-owned subsidiaries of Takeda.

The Acquisition will take place through what is called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that is subject to approval by Shire Shareholders and the Court. In particular, as part of the Acquisition, the Court will sanction the Scheme on a date known throughout this letter as **Court Sanction**. This date is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a few days after “Court Sanction” on the **Effective Date**. Please see Appendix A for further detail.

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 and this

letter 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/>.

This letter and its Appendices should be read together with the Scheme Document. A brief explanation of some of the terms used in this letter is given in Appendix B to this letter. Terms defined in the Scheme Document will have the same meaning in this letter and its Appendices unless otherwise defined.

What are the terms of the Acquisition for Shire Shareholders?

The terms of the Acquisition are set out in full in the Scheme Document. However, in summary, a person who holds Shire Shares at the relevant time (see below) will be entitled to receive, for each Shire Share they own:

- **USD30.33 in cash;** and
- either **0.839 New Takeda Shares** OR **1.678 Takeda ADSs,**

A person who holds Shire ADSs will instead be entitled to receive, for each Shire ADS they own:

- **USD90.99 in cash;** and
- **5.034 Takeda ADSs.**

Please note that a Shire ADS is equal to three Shire Shares. This means the cash payment for one Shire ADS is three times the amount payable for one Shire Share. Similarly, the amount of Takeda ADSs receivable are three times those that a person holding Shire Shares could potentially receive.

Please note that the above sets out what Shire Shareholders and persons who hold Shire ADSs at the relevant record time for the Scheme are entitled to receive under the Scheme and is provided for reference. You are being written to because you participate in a Shire share plan, and will not necessarily receive the above consideration unless you hold Shire Shares and/or Shire ADSs at the relevant record time for the Scheme – in which case, you should read the Scheme Document for further information

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 Appendix A.

How does the Acquisition affect your DBP Awards?

Normally, your DBP Awards would vest on the timetable notified to you at grant.

Restricted Stock Units (RSUs)

As a result of the Acquisition, your RSUs will vest in full on Court Sanction, and will include any dividend equivalents accrued to that date. When your RSUs vest, you will be entitled to receive, in lieu of any Shire Shares/Shire ADSs that you may otherwise be entitled to, the Cash Consideration less any necessary deductions for tax and social security contributions. Please see Appendix A for further details.

Restricted Stock Award (RSAs)

If you hold a RSA under the DBP, it will vest in full on Court Sanction. You will not receive dividend equivalents as dividends were paid in the normal course to you. As your Shire ADSs are held on

your behalf by a nominee (via your EquatePlus account), they will be treated in the same manner as all other Shire ADSs and you will not be entitled to receive the Cash Consideration – instead, your Shire ADSs will be acquired by Takeda for the consideration set out above and so you will receive USD90.99 in cash and 5.034 Takeda ADS for each Shire ADS. Please read the Scheme Document and instruct the nominee to follow the instructions therein if you would like to take any action in respect of the Scheme. If you wish to instruct the nominee on how it should vote the Shire ADSs it holds on your behalf, you should give the nominee your instructions in good time to allow it to vote before 10.00 a.m. (New York time) on November 29, 2018.

All awards

If the Acquisition does not happen for any reason, your DBP Awards will continue as normal – this means they will vest, subject to the rules of the DBP, on the timetable notified to you at grant.

A detailed explanation of the way in which your DBP Awards will be affected is set out in Appendix A to this letter.

Attachments to this letter

The following are provided as attachments to this letter:

- Appendix A explaining how the Acquisition affects DBP Awards.
- Appendix B explaining some key definitions.

What do you need to do?

1. You should read the enclosed Appendices.
2. If you hold RSUs, you do **not** need to do anything for them to vest and to receive the Cash Consideration. This will happen automatically, and you will receive the Cash Consideration payment from Equatex within the month following the Court Sanction, less any necessary deductions for tax and social security contributions.
3. If you hold a RSA (restricted ADSs taxed upon issuance), you will receive the same consideration as all other holders of Shire ADSs on completion of the Acquisition. Please read the Scheme Document for further information in respect of your choices as you will not be entitled to receive the Cash Consideration. Remember that, if you wish to vote in respect of your Shire ADSs, you should give the nominee your voting instructions in good time to allow it to vote on your behalf before 10.00 a.m. (New York time) on November 29, 2018.

What if you have questions?

If you have any questions that relate to your RSUs, please refer to the FAQs that can be found in your EquatePlus account as well as the Shire HRConnect portal. If these do not answer your question, please contact the general helpline number set out on the last page of the FAQs.

If you have any questions that relate to your RSAs (not RSUs), please contact [Redacted] on [Redacted].

Please note that no legal, tax or financial advice on the merits of the Acquisition or its effect on your DBP Awards can be provided.

You are strongly advised to seek your own independent financial and/or tax advice regarding your personal circumstances and the effect of the Acquisition in relation to your DBP Awards.

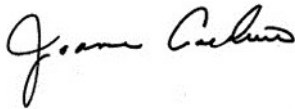
Important notes

As your DBP Awards will vest on Court Sanction (which is a few days prior to the date on which the Acquisition will complete) and then be settled by Shire in cash or, in the case of RSAs, will be subject to the Acquisition itself, no Proposals are being made to you in respect of the Acquisition. The Shire Board, which has been so advised by Citi, Goldman Sachs and Morgan Stanley, considers it fair and reasonable in the context of the Acquisition that no Proposals are being made. In providing their advice to the Shire Board, Citi, Goldman Sachs and Morgan Stanley have taken into account the commercial assessments of the Shire Board. Citi, Goldman Sachs and Morgan Stanley are providing independent financial advice to the Shire Board for the purposes of Rule 3 of the City Code on Takeovers and Mergers.

Nothing in this letter and its Appendices constitutes financial advice to any holder of shares, share awards or share options in Shire or Takeda.

If there is a conflict between the information in this letter and appendices and the rules of the DBP or any relevant legislation, the rules and the legislation will prevail.

Yours faithfully



Joanne Cordeiro
Chief Human Resources Officer

For and on behalf of
Shire plc

Yours faithfully



Padma Thiruvengadam
Chief Human Resources Officer

For and on behalf of
Takeda Pharmaceutical Company Limited

Appendix A

Impact of the Acquisition on DBP Awards

1. The impact on your DBP Awards

Restricted Stock Units (RSUs)

As part of the Acquisition, the Court will sanction the Scheme on a date known throughout this letter as **Court Sanction**. This date is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a few days after “Court Sanction” on the **Effective Date**. Please see the timetable below for further detail.

As a result of the Acquisition, your RSUs will vest in full on Court Sanction and in accordance with the rules of the DBP, in lieu of the Shire Shares or Shire ADSs to which you would normally have been entitled (which would include any dividend equivalents accrued at Court Sanction), the Shire Remuneration Committee has determined that you will instead receive the Cash Consideration, less any necessary deductions for tax and social security contributions. This 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 Court Sanction. This value is calculated as the higher of: (i) 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.

The Cash Consideration for your RSUs will be paid to you by Equatex within one month of Court Sanction, less any necessary deductions for tax and social security contributions. All cash proceeds will be paid in your local currency, provided Equatex supports your country's currency and subject to any restrictions on payments by third parties. You will be contacted if you will not be able to receive the proceeds in your local currency.

The following currency exchange rates will be used:

- in respect of determining the value of the Cash Consideration, the Bloomberg rate as at close on Court Sanction; and
- in respect of converting the value of any payment into your local currency, the currency exchange rate as determined by Equatex using their standard process.

Restricted Stock Awards (RSAs)

If you hold a RSA under the DBP (restricted ADSs taxed upon issuance), it will vest in full on Court Sanction. You will not receive dividend equivalents as dividends were paid in the normal course to you. As your Shire ADSs are held by a nominee on your behalf, they will be treated in the same manner as all other Shire ADSs i.e. they will be acquired by Takeda on completion of the Acquisition and you will receive, from EquatePlus, USD90.99 in cash; and 5.034 Takeda ADSs per Shire ADS. You are not entitled to receive the Cash Consideration. Instead, you should read the Scheme Document and instruct the nominee to follow the instructions therein if you would like to take any action in respect of the Scheme.

All awards

If the Acquisition does not happen for any reason, all of your DBP Awards will continue as normal, subject to the rules of the DBP.

2. Leaving Shire before or after Court Sanction

Leaving Shire before Court Sanction (current employees only)

The leaver arrangements under the DBP will apply in the normal way if you leave Shire before Court Sanction. This means that if you leave employment and do not qualify as a “good leaver” under the DBP rules your unvested DBP Awards will lapse on the date that your employment ceases.

If you leave Shire before Court Sanction as a “good leaver” (i.e. other than due to misconduct or breach of employment terms), your DBP Award will vest on the normal vesting date (or Court Sanction, if earlier).

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

Leaving Shire and Takeda after Court Sanction (current employees only)

Your DBP Awards will not be affected if you leave employment after Court Sanction because they will have vested or lapsed before you left employment.

Shire and Takeda cannot give you investment advice. If you are in any doubt about the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent legal or financial adviser, who (where relevant) is authorised and appropriately regulated under the Financial Services and Markets Act 2000, or an appropriately authorised financial adviser if you are in a territory outside the UK.

3. Expected timeline of principal events

The dates given below are indicative only and are based on Shire’s and Takeda’s 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.

Date	Event
December 5, 2018	Shire Shareholder meetings to approve the Scheme; and Takeda Shareholder meetings to approve the issue of shares in connection with the Acquisition.
January 3, 2019 (the expected Court Sanction)	All outstanding DBP Awards vest
January 8, 2019 (the expected Effective Date)	Scheme becomes effective and the Acquisition completes.
February 3, 2019	Last date by which any Cash Consideration payments which become due to participants holding RSUs on Court Sanction are expected to be made.

Appendix B

A brief explanation of some definitions

“Cash Consideration” means an amount in cash 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” means the Royal Court of Jersey;

“Court Sanction” means the date on which the Court sanctions the Scheme under Article 125 of the Companies (Jersey) Law 1991;

“Court Sanction Deal Consideration” means the value of (i) USD30.33 in cash; and the value of 0.839 Takeda Shares (calculated by reference to the mid-market closing price of a Takeda Share on Court Sanction) (if your DBP Award is over Shire Shares); or (ii) 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) (if your DBP Award is over Shire ADSs), on Court Sanction;

“Effective Date” means the date on which the Scheme becomes effective in accordance with its terms;

“DBP” means the Shire Deferred Bonus Plan 2015;

“DBP Award” means an award granted under the DBP, either in the form of a Restricted Stock Unit or a Restricted Stock Award;

“New Takeda Shares” means the new allotted and issued and fully paid ordinary shares in the capital of Takeda, proposed to be issued to Shire Shareholders in connection with the Acquisition;

“Proposals” means the Proposals required to be made by Takeda for the purpose of Rule 15 of the City Code on Takeovers and Mergers;

“RSA” means an award granted under the DBP in the form of a Restricted Stock Award;

“RSU” means an award granted under the DBP in the form of a Restricted Stock Unit

“Scheme” means the procedure by which Takeda will become the holder of the entire issued and to be issued ordinary share capital of Shire;

“Scheme Document” means the document setting out the terms of the Scheme dated November 12, 2018 sent to Shire Shareholders;

“Scheme Record Time” means the time and date specified as such in the Scheme Document or such later time as Shire and Takeda may agree;

“Shire” means Shire plc;

“Shire ADS” means an American Depositary Share issued under the Shire Deposit Agreement, such American Depositary Share representing three Shire Shares;

“Shire Board” means the board of directors of Shire;

“Shire Deposit Agreement” means the deposit agreement, including the form of American Depositary Receipt for American Depositary Shares representing Shire Shares attached thereto, setting forth the terms of the Shire ADSs from time to time;

“Shire Directors” means the directors of Shire as at the date of this letter;

“Shire Group” means Shire and its subsidiaries and subsidiary undertakings from time to time;

“Shire Shareholders” means holders of Shire Shares;

“Shire Shares” means ordinary shares of 5p each in the capital of Shire;

“Takeda” means Takeda Pharmaceutical Company Limited;

“Takeda ADSs” means American Depositary Shares, each of which will represent 0.5 allotted and issued and fully paid ordinary shares in the capital of Takeda;

“Takeda Group” means Takeda and its subsidiaries and subsidiary undertakings from time to time; and

“Takeda Shares” means the shares of common stock of no par value in the capital of Takeda.

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

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affiliates and advisers. No action has been taken nor will be taken in any jurisdiction by any such person that would permit a public offering of any securities in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document other than in any jurisdiction where action for that purpose is required. Neither Shire nor Takeda nor their respective directors, officers, agents, affiliates or advisers accept any responsibility for any violation of any of these restrictions by any other person.

The Shire Directors, whose names are set out in Paragraph 2.1 of Part VIII of the Scheme Document, accept responsibility for the information contained in this letter (including, without limitation, all information in respect of Shire which had been incorporated by reference in this document), except for that information for which the Takeda Directors accept responsibility. To the best of the knowledge and belief of the Shire Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Takeda Directors, whose names are set out in Paragraph 2.2 of Part VIII of the Scheme Document, accept responsibility for the information contained in this letter relating to the Takeda Group (including, without limitation, all information in respect of the Takeda Group which has been incorporated by reference in this document) and the Takeda Directors, their close relatives, related trusts and other connected persons and persons acting in concert with Takeda. To the best of the knowledge and belief of the Takeda Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.