



# News Release

## **Agreement on Commencement of a Friendly Acquisition Procedure to Make Shire plc a Wholly-owned Subsidiary**

**Osaka, Japan, May 8, 2018** --- Takeda Pharmaceutical Company Limited (Head Office: Chuo-ku, Osaka, the “**Company**” or “**Takeda**”) is pleased to announce that today, it has reached agreement with Shire plc (“**Shire**”) on the terms of a recommended offer pursuant to which Takeda will acquire the entire issued and to be issued ordinary share capital of Shire (the “**Acquisition**”). Today, the Company and Shire have also entered into a Co-operation Agreement, to cooperate for the implementation of the Acquisition. It is proposed that the Acquisition will be effected by means of a scheme of arrangement under Article 125 of the Jersey Companies Law (the “**Scheme**”).

The Shire Directors consider the terms of the Acquisition to be fair and reasonable and intend to recommend unanimously that Shire Shareholders vote in favour of the Scheme at the meeting of Shire Shareholders convened by the Court and the resolutions to be proposed at the Shire General Meeting. The Acquisition is also subject to the approval by Takeda Shareholders of certain resolutions at the Takeda Extraordinary General Meeting to approve the issue of the New Takeda Shares as consideration under the Acquisition. The Takeda Board, among all the directors attending at the Takeda Board (\*1), has resolved unanimously to recommend that Takeda Shareholders vote in favour of the resolutions to be proposed at the Takeda Extraordinary General Meeting.

(\*1) There are two directors absent from the Takeda Board, Mr Jean-Luc Butel recused himself from the Takeda Board as a result of his interest in Shire Shares (as described in Section 5 below). Mr. James Kehoe recused himself from the Takeda Board in light of his previously announced resignation from his position as Takeda’s Chief Financial Officer (effective 31 March 2018) and as a Takeda Director (to become effective on 31 May 2018).

On May 8, 2018, in compliance with the City Code on Takeovers and Mergers in the UK (the “**Takeover Code**”), Takeda made an announcement of a firm intention to make an offer in relation to the Acquisition. The announcement is attached hereto.

Capitalized words and phrases used in this document shall have the meaning given to them in Section 9 (Glossary).

## **1. Background of the Acquisition - The growth and transformation of Takeda**

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

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

Takeda has been successful in strengthening its pipeline through increased productivity in development stages as well as collaborations with academia, biotechs and start-ups. Takeda has also revitalised its R&D engine, with 17 new molecular entity clinical products moving up to the next stage of clinical development during the past fiscal year. Takeda intends to continue to leverage the combination of internal and external innovation following completion of the Acquisition.

As part of its transformation journey, Takeda has focused on developing and commercializing innovative therapies that address unmet clinical needs in gastroenterology (GI), oncology and neuroscience plus vaccines. Rare disease is an evolving focus of Takeda's R&D development strategy with more than one-third of its clinical pipeline programs targeting rare diseases.

Takeda has a strong track record of successful cross-border M&A and post-acquisition integration, including the acquisition of ARIAD Pharmaceuticals in 2017, Nycomed in 2011 and Millennium Pharmaceuticals in 2008. Earlier this year, Takeda announced its proposed acquisition of TiGenix, which is expected to complete in mid 2018.

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

## 2. Rationale for the Acquisition

The Takeda Board believes there is a compelling strategic and financial rationale for undertaking the Acquisition, which will deliver the following benefits:

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

- The Acquisition will result in a Combined Group with an attractive geographic footprint and leading positions in Japan and the US, two of the largest pharmaceutical markets globally. US revenues are expected to account for close to 50 per cent. of the total revenues of the Combined Group. Shire's portfolio will also benefit from Takeda's strong international presence in emerging markets and Japan.
- As a result of greater scale and efficiencies in its commercial activities, the Acquisition will enable the Combined Group to further fuel its productive R&D engine, better positioning Takeda to deliver highly-innovative medicines and transformative care to patients around the world.

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

- The Acquisition will accelerate Takeda's transformation by bringing together Takeda's and Shire's complementary positions in gastroenterology (GI) and neuroscience. It will also provide the Combined Group with leading positions in rare diseases and plasma-derived therapies.
- Following completion of the Acquisition, Takeda will continue to focus on the acceleration of its oncology business, following its recent acquisition of ARIAD Pharmaceuticals. In addition, Takeda's vaccine business will continue to address the world's most pressing public health needs.
- Takeda expects that the Combined Group will derive approximately 75 per cent. of sales from five areas: gastroenterology (GI), neuroscience, oncology and rare diseases, plus plasma-derived therapies.

### ***Creates a highly complementary, robust, modality-diverse pipeline and a strengthened R&D engine focused on breakthrough innovation***

- Takeda and Shire have highly complementary pipelines. Shire has strong expertise in rare diseases, an attractive modality diverse mid- and late-stage pipeline enriched with large-molecule programs, as well as cutting-edge technologies in gene therapy and recombinant proteins, and Takeda has a productive early stage development and research-orientated R&D program.
- Both Takeda and Shire have focused R&D efforts in the Boston area, a well-established center of innovation in the US. This is further supported by Takeda's Shonan Health Innovation Park, which is the first health innovation ecosystem in Japan.
- Over the past four years, Takeda has transformed its R&D engine to drive productivity and has begun to realize the value of the therapeutic area focus and increased external partnerships as evidenced by the enrichment of its early stage pipeline. The Acquisition will accelerate this transformation and will provide additional cash flow to continue to invest in its R&D engine and have a broader patient reach.

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

- The Acquisition is expected to deliver substantial annual cost synergies of at least \$1.4 billion by the end of the third fiscal year following completion of the Acquisition, with the potential for additional revenue synergies from the complementary geographic and therapeutic focus.
- The Acquisition will be significantly accretive to underlying earnings per Takeda Share from the first full fiscal year following completion of the Acquisition and will produce strong combined cashflows.
- The Acquisition is also expected to result in attractive returns for Takeda Shareholders, with the return on invested capital (ROIC) expected to exceed Takeda's cost of capital within the first full fiscal year following completion of the Acquisition.
- Takeda has remained disciplined with respect to the terms of the Acquisition and intends to maintain its well-established dividend policy and investment grade credit rating.
- The substantial cash flow generation expected to result from the Acquisition will enable the Combined Group to de-lever quickly following completion of the Acquisition. Takeda intends to maintain its investment grade credit rating with a target net debt to EBITDA ratio of 2.0x or less in the medium term.
- An enlarged and well-positioned combined portfolio will strengthen the Combined Group's ability to invest in the business and deliver returns to Takeda Shareholders. Takeda's dividend policy has remained consistent over the past 8 years, with an annual dividend of 180 JPY per share having been paid to Takeda Shareholders. Takeda's well-established dividend policy will continue to be a key component of future shareholder returns.
- The Acquisition is expected to result in the Combined Group being the only pharmaceutical company listed on both the Tokyo Stock Exchange in Japan, where it will continue to have its primary listing, and the NYSE in the US, enabling it to access two of the world's largest capital markets.
- In addition to Takeda continuing to be the largest pharmaceutical company listed on the Tokyo Stock Exchange, the Acquisition will result in Takeda becoming the 8th largest company listed on the Tokyo Stock Exchange by reference to pro forma market capitalisation as at the Latest Practicable Date.

### **3. Terms of the Acquisition**

Under the terms of the Acquisition, each Shire Shareholder will be entitled to receive, for each Shire Share, \$30.33 in cash and either 0.839 New Takeda Shares or 1.678 Takeda ADSs. Based on the discussion and agreement with Shire, the Company intends to preserve the opportunity for Shire Shareholders to be entitled to the benefits and synergies from the Acquisition for the Combined Group, as described above, even after completion of the Acquisition, by providing New Takeda Securities as Consideration for the Acquisition, in addition to cash.

The Acquisition terms imply an equivalent value of:

- £48.17 per Shire Share based on the closing price of ¥4,535 per Takeda Share and the exchange rates of £:¥ of 147.61 and £:\$ of 1.3546 as at the Latest Practicable Date; and

- £49.01 per Shire Share based on the closing price of ¥4,923 per Takeda Share and the exchange rates of £:¥ of 1:151.51 and £:\$ of 1:1.3945 on April 23, 2018 (being the day prior to the announcement that the Shire Board would, in principle, be willing to recommend the Consideration for the Acquisition).

The equivalent value of £49.01 per Shire Share values the entire issued and to be issued ordinary share capital of Shire at approximately £46 billion and represents an illustrative premium of approximately:

- 64.4 per cent. to the closing price of £29.81 per Shire Share on March 23, 2018 (being the last Business Day prior to rumours of Takeda's possible interest in an offer for Shire); and
- 56.2 per cent. to the 30 trading day volume weighted average price of £31.37 per Shire Share for the 30 Shire trading days ending March 23, 2018 (being the last Business Day prior to rumours of Takeda's possible interest in an offer for Shire).

Takeda retained Evercore Group L.L.C. (referred to as "Evercore") to act as one of its financial advisors in connection with the Acquisition.

Evercore conducted, and presented to the Takeda Board, various valuation analyses with respect to the Shire Shares, including a discounted cash flow analysis, a trading multiples analysis and a comparable transactions analysis. Based upon these analyses, Evercore delivered an opinion to the Takeda Board dated May 7, 2018, to the effect that, as of that date, the consideration of \$30.33 in cash and either 0.839 New Takeda Shares or 1.678 Takeda ADSs to be paid in the Acquisition for each Shire Share was fair, from a financial point of view, to Takeda. Evercore's opinion was based upon and subject to various customary assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of review undertaken by Evercore in delivering its opinion.

With respect to the Consideration for the Acquisition, the Company, after considering various factors, including its review of Shire's business and the financial analysis conducted by Evercore, concluded that the Consideration for the Acquisition is reasonable and falls within the range of the Company's investment criteria, as well as taking into account the adaptability to the Company's strict investment criteria (including maintaining its well-established dividend policy and investment-grade credit rating).

Immediately following completion of the Acquisition, Shire Shareholders will own approximately 50% of the Combined Group.

Subject to customary governance and shareholder approval, Takeda has agreed that up to three Shire Directors will join the Takeda Board with effect from completion of the Acquisition.

At completion of the Acquisition, the New Takeda Shares will be listed on the Tokyo Stock Exchange and the Local Japanese Stock Exchanges. In addition, Takeda intends to apply for its ADSs (each representing 0.5 Takeda Shares) to be listed on the NYSE effective upon or shortly after the Effective Date.

#### 4. Acquisition method and procedures

##### (1) Method of the Acquisition

The Company will implement a scheme of arrangement that is administered by the Court based on the Jersey Companies Laws under which Shire is organized, which will enable the Company to purchase all of the issued and to be issued ordinary share capital of Shire. As the consideration for the Shire Shares, the Company will allot its common shares by means of a third-party allotment as well as deliver cash to all Shire Shareholders (the third-party allotment of the Company's common stock, and the delivery of cash shall hereinafter collectively be referred to as the "**Consideration for Acquisition**").

A scheme of arrangement is a procedure under Jersey Companies Law for making across-the-board changes to a company's capital structure through approval by a meeting of shareholders and sanctioning by a court rather than through individual agreements with shareholders and other parties, and in the present matter, it is a method of acquisition of the Shire Shares that will be carried out based on the recommendation of the Shire Directors of the Acquisition and by obtaining the approval of shareholders at a shareholder meeting convened by the Court and at a general meeting of Shire Shareholders and the sanction of the Court. The approval of the Scheme at the meetings of Shire Shareholders will require approval by a majority in number representing at least 75% of the voting rights of those shareholders present and voting (and entitled to vote) at the meeting of Shire Shareholders called by the Court. In addition, special resolutions required to implement the scheme of arrangement must be passed by Shire Shareholders representing at least 75% of votes cast at the meeting of Shire Shareholders.

The Acquisition is conditional upon, among other things, the receipt of regulatory clearances in the European Union, United States, China, Japan and Brazil and in other relevant jurisdictions; the approvals of the Court and of the Shire Shareholders set out above; the passing at the Takeda Extraordinary General Meeting of certain resolutions necessary to approve, implement and effect the issue of the New Takeda Shares, the Company receiving confirmation that the relevant listing applications have been approved or approved in principle by the relevant regulatory authorities, and the Scheme becoming effective by the Long Stop Date.

Further, Takeda has agreed to pay to Shire an amount in cash in US dollars (rounded down to the nearest US dollar) equal, respectively, to 2 per cent (in case (i) below), 1 per cent. (in case (ii) below) and 1.5 per cent. (in case (iii) below) of the product of £48.17 (being the equivalent value of the cash and Takeda Shares to be delivered per Shire Share, as set out in this announcement) multiplied by 937,925,528 (being the issued and to be issued ordinary share capital of Shire on a fully diluted basis as agreed between the parties) and converted using an exchange rate of £:\$ of 1:1.3546, in certain specific circumstances if the Acquisition does not complete, including where (i) the Takeda Board withdraws or adversely changes its recommendation to the Takeda Shareholders, (ii) the Takeda Resolutions are not passed at the Takeda Extraordinary General Meeting or (iii) on or before the Long Stop Date, the Scheme (or Takeover Offer,

as the case may be) lapses or is withdrawn because of the unfulfillment of certain regulatory clearances (subject to certain carve-outs).

When the Scheme becomes effective, the Company, in accordance with the procedure set forth in paragraph (2) below, shall:

- (i) allot 0.839 shares of the Company's common stock (the "**New Takeda Shares**") (or 1.678 Takeda ADSs) for each share of Shire stock; and
- (ii) pay \$30.33 in cash for each share of Shire stock

to all shareholders of Shire immediately prior to the Scheme becoming effective, as consideration for the transfer of those Shire Shares.

Fractions of New Takeda Shares will not be issued to Shire Shareholders pursuant to the Acquisition. Entitlements to New Takeda Shares pursuant to the Acquisition will be rounded off. The resulting fractional entitlements will be aggregated and sold in the market as soon as practicable after the Effective Date in accordance with an agreed sales policy. The net proceeds of sale will be distributed in due proportion to the Shire Shareholders entitled to them.

- (2) Method of settlement and possible partial sale of the Company's common stock which is the Consideration for the Acquisition

As noted above, the Company will allot the New Takeda Shares to all Shire Shareholders as Consideration for the Acquisition, but as the Shire Shareholders include foreign corporations or other non-residents, they will need to open securities accounts in compliance with the book-entry transfer system for stocks of Japan to receive the Company's common stock. However, it is expected that there will be a certain number of Shire Shareholders who desire, but will not be in a position, to open such securities accounts by the time of the implementation of the Acquisition or who do not desire to do so.

Accordingly, taking into consideration the situations of such Shire Shareholders, the Company is to establish a scheme of settlement, pursuant to which Shire Shareholders may receive the Company's common stock as the Consideration for the Acquisition. The Company also plans to obtain approval for the scheme of settlement by a meeting of Shire Shareholders to be held by the Court by stating the methods of settlement in the scheme document (shareholder notice document) to be delivered to the Shire Shareholders that prescribes the terms of the Scheme and constitutes a convocation notice of a meeting of Shire Shareholders to be held by the order of the Court.

In addition, the Company contemplates listing its ADSs on the New York Stock Exchange, simultaneously upon or immediately after the completion of the Acquisition. Accordingly, for the Shire Shareholders who have expressed the intention to receive the delivery of Takeda ADSs in lieu of their entitlement to the Company's common stock, the Company will deliver, as Consideration for the Acquisition, the Company's common stock in the number equivalent to that to be allotted, to the account

of the depository of the Takeda ADSs, whereby the relevant shareholders will receive the delivery of Takeda ADSs from the depository.

The Company also intends to offer a dealing facility to certain Shire Shareholders who own 200 or fewer Shire Shares. If shareholders elect to use this dealing facility, their New Takeda Shares shall be sold in the market for their benefit, and these shareholders will receive the net proceeds of such sale.

(3) Treatment of stock acquisition right and bond with stock acquisition right in the Acquisition

Shire has stock option and other stock-based compensation plans. Details of the proposals to be made to the participants in such plans in connection with the Acquisition will be disclosed in due course.

(4) Schedule of the Acquisition

The Company and Shire have entered into a Co-operation Agreement on May [8], 2018. The expected major procedures of the Acquisition are set out below. The Company will promptly announce the specific dates for the procedures of the Acquisition once they are decided.

- (Shire) Sending of the scheme document (shareholder notice document) – expected to be in the fourth quarter of calendar year 2018 \*
- (Takeda) Sending of the notice of convocation in respect of the Takeda Extraordinary General Meeting – expected to be in the fourth quarter of calendar year 2018\*
- Takeda Extraordinary General Meeting
- (Shire) Meeting of Shire Shareholders to be held by the order of the Court
- (Shire) Expected date of the sanctioning of the Scheme by the Court
- The Effective Date

(\*Note) It is planned that the Acquisition schedule will be stated in the scheme document (shareholder notice document) and the notice of convocation in respect of the Takeda Extraordinary General Meeting. The schedule may change after discussion with the relevant parties based on the status of acquiring the required approvals from the competition authorities, discussions with the Panel and the adjustment of the schedule with the Court.

## 5. Measures to avoid conflicts of interest

Mr. Jean-Luc Butel, a non-executive director of the Company, is a shareholder who owns 7,383 shares in Shire stock. To avoid any conflict of interest, Mr. Jean-Luc Butel, as a person who has a special interest, did not participate in the deliberation and resolution of the Company's board of directors regarding the Acquisition.

## 6. Overview of accounting treatment

The Company plans to adopt accounting treatment for the Acquisition pursuant to the International Financial Reporting Standards (IFRSs). Accordingly, goodwill and the like are expected to arise as of the Effective Date, which amount has not been determined at this stage. We will announce the details of the accounting treatment as they are determined.

## 7. Details of the parties of the Acquisition

	Acquiring company (as of March 31, 2018)	Target company (as of December 31, 2017)
(1) Name	Takeda Pharmaceutical Company Limited	Shire plc
(2) Address	1-1, Doshomachi 4-chome, Chuo-ku, Osaka-shi, Osaka, Japan	Registered office: 22 Grenville Street, St Helier, JE4 8PX, Jersey, Channel Islands  Principal place of business: Block 2, Miesian Plaza, 50-58 Baggot Street Lower, Dublin 2, Republic of Ireland
(3) Title and name of the representative person	Representative Director, President & CEO: Christophe Weber	Chairman: Susan Kilsby CEO: Flemming Ornskov
(4) Business description	Research & development, manufacturing, sales and marketing of pharmaceutical drugs	Research & development, manufacturing, sales and marketing of pharmaceutical drugs
(5) Capital Amount	77,914 million yen	81.6 million USD
(6) Date of foundation / incorporation	January 29, 1925	January 28, 2008
(7) Number of outstanding shares	794,691,395 shares (as at the Latest Practicable Date, including treasury shares)	920,978,921 existing shares (as at the Latest Practicable Date, including treasury shares)
(8) Fiscal year end	March 31	December 31
(9) Number of employees	27,230 (consolidated basis)	23,044 (consolidated basis)
(10) Major clients	Medipal Holdings Corp. and Alfresa Holdings Corp. (including their group companies)	AmerisourceBergen Corp., McKesson Corp. and Cardinal Health Inc.

(11) Main banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd.	Barclays Bank PLC, Morgan Stanley Bank International Limited and Deutsche Bank AG				
(12) Major share holders and their shareholding percentage	The Master Trust Bank of Japan, Ltd. (Trust account) 5.92%  Nippon Life Insurance Company 5.48%  JP Morgan Chase bank 380055 4.41%  Japan Trustee Service Bank, Ltd. (Trust account) 4.33%  Takeda Science Foundation 2.25%	BlackRock, Inc. 7.92% <sup>1</sup>				
(13) Relationships between parties						
Capital relationship	Jean-Luc Butel, a non-executive director of the Company, is a shareholder holding 7,383 shares.					
Personnel relationship	N.A.					
Transactional relationship	N.A.					
Related parties or not	N.A.					
(14) Result of operations and financial conditions for the past three fiscal years						
Settlement of accounts	The Company (Consolidated, IFRSs)			Shire (Consolidated, USGAAP)		
	March 2015	March 2016	March 2017	December 2015	December 2016	December 2017
	(in million yen unless otherwise specified)			(in million USD unless otherwise specified) [in million yen, unless otherwise specified] <sup>2</sup>		

<sup>1</sup> The name of major shareholder and its shareholding ratio regarding Shire are based on those that Shire can properly recognize by the notifications made pursuant to the FCA's Disclosure Guidance and Transparency Rules.

<sup>2</sup> The exchange rates of \$:¥ of 1:108.97 on the Latest Practicable Date. Except for the figures with notes, the above figures are rounded down to the million yen.

Equity attributable to owners of the Company / Equity	2,137,047	1,948,692	1,894,261	9,829.1 [1,071,077]	28,948.0 [3,154,463]	36,176.4 [3,942,142]
Total assets	4,296,192	3,824,085	4,346,794	16,609.8 [1,809,969]	67,035.4 [7,304,847]	67,756.9 [7,383,469]
Equity per share	JPY 2,719.27	JPY 2,487.04	JPY 2,425.92	N.A.	N.A.	N.A.
Total Revenue	1,777,824	1,807,378	1,732,051	6,416.7 [699,227]	11,396.6 [1,241,887]	15,160.6 [1,652,050]
Operating profit/income (loss (Δ))	△129,254	130,828	155,867	1,419.5 [154,682]	962.9 [104,927]	2,455.2 [267,543]
Profit (loss (Δ)) before tax /Income from continuing operations before income taxes and equity in earnings/(losses (Δ)) of equity method investees	△145,437	120,539	143,346	1,385.8 [151,010]	486.1 [52,970]	1,893.4 [206,323]
Attributable to Owners of the Company/ Net income (loss (Δ)) for the period	△145,775	80,166	114,940	1,303.4 [142,031]	327.4 [35,676]	4,271.5 [465,465]
Basic earnings (loss (Δ)) per share/Net profit Earnings (loss (Δ)) for the period per share	JPY △185.37	JPY 102.26	JPY 147.15	USD 2.21 240.82	USD 0.43 46.86	USD 4.71 513.25
Dividends per share	JPY 180	JPY 180	JPY 180	USD 0.233 25.39	USD 0.2679 29.19	USD 0.3079 33.55

## 8. Business outlook

We will announce the impact of the Acquisition on our business performance promptly after we estimate it.

## 9. Glossary

“ADS”	American Depositary Share
“Business Day”	a day (other than a Saturday, Sunday or public holiday in London, Jersey, New York or Tokyo) on which banks are open for business in London, Jersey, New York and Tokyo
“Combined Group”	the enlarged group comprising the Shire Group and the Takeda Group following completion of the Acquisition
“Court”	the Royal Court of Jersey
“Effective Date”	the date on which either (i) the Scheme becomes effective pursuant to its terms; or (ii) if Takeda elects, in accordance with the provisions of the Co-operation Agreement to implement the Acquisition, by means of a Takeover Offer, the date on which the Takeover Offer becomes or is declared wholly unconditional in all respects in accordance with the requirements of the Takeover Code
“Jersey”	the Bailiwick of Jersey
“Jersey Companies Law”	the Companies (Jersey) Law 1991, as amended from time to time
“Latest Practicable Date”	means <ul style="list-style-type: none"> <li>• with respect to the total number of Takeda Shares currently in issue, April 30, 2018</li> <li>• with respect to the trading price of a Takeda Share on the Tokyo Stock Exchange, May 2, 2018; and</li> <li>• otherwise, May 4, 2018.</li> </ul>
“Local Japanese Stock Exchanges”	Nagoya Stock Exchange, Fukuoka Stock Exchange and Sapporo Stock Exchange
“Long Stop Date”	May 8, 2019 (or such later date as may be agreed in writing by Takeda and Shire (with the Panel’s consent and as the Court may approve (if such approval(s) is or are required))

“New Takeda Securities”	the New Takeda Shares or, as the case may be, the Takeda ADSs proposed to be issued to Shire Shareholders in connection with the Acquisition or in consideration for the transfer to Takeda of Shire Shares pursuant to the articles of association of Shire as amended by the Shire Resolutions
“New Takeda Shares”	the new Takeda Shares proposed to be issued to Shire Shareholders in connection with the Acquisition or in consideration for the transfer to Takeda of Shire Shares pursuant to the articles of association of Shire as amended by the Shire Resolutions
“NYSE”	the New York Stock Exchange
“Offer Period”	the Offer Period (as defined by the Takeover Code) relating to Shire, which commenced on March 28, 2018
“Panel”	the Panel on Takeovers and Mergers
“Shire ADSs”	American Depositary Shares, each of which represents three Shire Shares
“Shire Directors”	the directors of Shire as at the date of this announcement, or, where the context requires, the directors of Shire from time to time
“Shire General Meeting”	the general meeting of Shire Shareholders (including any adjournment thereof) to be convened in connection with the Scheme for the purpose of considering, and, if thought fit, approving, the Shire Resolutions
“Shire Group”	Shire and its subsidiaries and subsidiary undertakings and, where the context permits, each of them
“Shire Resolutions”	such shareholder resolutions of Shire as are necessary to enable Shire to approve, implement and effect the Scheme and the Acquisition, including (without limitation) a resolution to amend the articles of association of Shire by the adoption of a new article under which any Shire Shares issued or transferred

after the Shire General Meeting shall either be subject to the Scheme or (after the Effective Date) shall be immediately transferred to Takeda (or as it may direct) in exchange for the same consideration as is due under the Scheme

“Shire Shareholders”

the holders of Shire Shares, which shall include if the context requires, holders of Shire ADSs

“Shire Shares”

the existing unconditionally allotted or issued and fully paid ordinary shares of 5 pence each in the capital of Shire and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes effective

“Takeda ADSs”

American Depositary Shares, each of which will represent 0.5 Takeda Shares

“Takeda Board”

the board of directors of Takeda or the directors of Takeda collectively, as the context requires

“Takeda Extraordinary General Meeting”

the extraordinary general meeting of Takeda to be convened in connection with the Acquisition, notice of which will be sent out in the Takeda Shareholder Documents, including any adjournment thereof

“Takeda Group”

Takeda and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them

“Takeda Resolutions”

the resolutions to be tabled at the Takeda Extraordinary General Meeting in order to approve, implement and effect the Acquisition and the issue of the New Takeda Shares

“Takeda Shareholders”

the holders of Takeda Shares, which shall include if the context requires, holders of Takeda ADSs

“Takeda Shareholder Documents”

the convocation of meeting, and its supporting attachments, relating to the issue of New Takeda Shares to be sent to the Takeda Shareholders and made available to Shire Shareholders and containing amongst other things, the notice convening the

“Takeda Shares”	Takeda Extraordinary General Meeting and information on Takeda, the Combined Group and the New Takeda Securities the allotted and issued and fully paid ordinary shares in the capital of Takeda
“Takeover Offer”	if, subject to the consent of the Panel and the terms of the Co-operation Agreement, the Acquisition is implemented by way of a takeover offer as defined in Article 116 of the Jersey Companies Law, the offer is to be made by or on behalf of Takeda to acquire the entire issued and to be issued ordinary share capital of Shire and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
“Tokyo Stock Exchange” or “TSE”	Tokyo Stock Exchange, Inc.

All references to “pounds”, “pounds Sterling”, “Sterling”, “£”, “pence”, “penny” and “p” are to the lawful currency of the United Kingdom.

All reference to “JPY”, “JP¥”, “¥” and “Japanese Yen” are to the lawful currency of Japan.

All references to “US\$”, “\$” and “US Dollars” are to the lawful currency of the United States.

End

### **IMPORTANT NOTICE**

This announcement is not intended to, and does not, constitute, represent or form part of any offer, invitation or solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities whether pursuant to this announcement or otherwise.

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### **Forward-Looking Statements**

This Announcement contains certain statements about Takeda and Shire that are or may be forward looking statements, including with respect to a possible combination involving Takeda and Shire. All statements other than statements of historical facts included in this announcement may be forward looking statements. Without limitation, forward looking statements often include words such as "targets", "plans", "believes", "hopes", "continues", "expects", "aims", "intends", "will", "may", "should", "would", "could", "anticipates", "estimates", "projects" or words or terms of similar substance or the negative thereof. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the possibility that a possible combination will not be pursued or consummated, failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the possible combination if it is pursued, adverse effects on the market price of Takeda's or Shire's ordinary shares and on Takeda's or Shire's operating results because of a failure to complete the possible combination, failure to realise the expected benefits of the possible combination, negative effects relating to the announcement of the possible combination or any further announcements relating to the possible combination or the consummation of the possible combination on the market price of Takeda's or Shire's ordinary shares, significant transaction costs and/or unknown liabilities, general economic and business conditions that affect the combined companies following the consummation of the possible combination, changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax laws, regulations, rates and policies, future business combinations or disposals and competitive developments. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore

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Additional risk factors that may affect future results are contained in Shire's most recent Annual Report on Form 10-K and in Shire's subsequent Quarterly Reports on Form 10-Q, in each case including those risks outlined in 'ITEM1A: Risk Factors', and in Shire's subsequent reports on Form 8-K and other Securities and Exchange Commission filings (available at [www.shire.com](http://www.shire.com) and [www.sec.gov](http://www.sec.gov)), the contents of which are not incorporated by reference into, nor do they form part of, this announcement. These risk factors expressly qualify all forward-looking statements contained in this announcement and should also be considered by the reader.

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

#### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

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

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

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

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