



Better Health, Brighter Future

Media Contact:
Takeda Pharmaceutical Company Limited
Corporate Communications Department
Tel +81-3-3278-2037

News Release

Launch of a New Long-Term Incentive Scheme for Members of the Board of Directors

Osaka, Japan, April 25, 2014 -- Takeda Pharmaceutical Company Limited (“Company”) announced today that the current Directors’ compensation system was revised at the meeting of the Board of Directors held on April 25, 2014 and it was resolved to adopt a new long-term incentive scheme (“LTI”) outlined below. Along with this change, the current stock option compensation system has been abolished. Details of this LTI will be further decided at a Board of Directors meeting to be held later and then discussed again at the 138th Ordinary General Meeting of Shareholders (“Shareholders Meeting”) to be held in late June 2014.

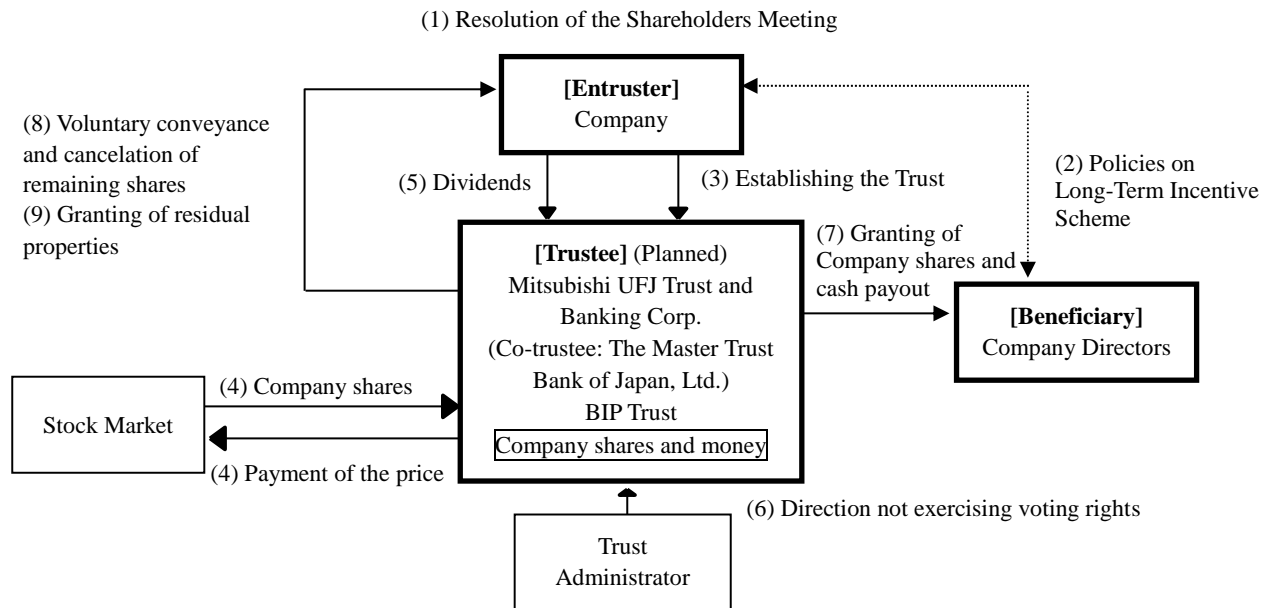
1. Purpose of Introducing the LTI

- (1) The Company is introducing this LTI for Directors of the Company (excl. Outside Directors) as a highly transparent and objective Directors’ compensation system that is closely linked to company performance. The purpose of this LTI is to improve the Company’s mid- and long-term performance as well as increase the awareness of contributions to increasing corporate value ^(*1) ^(*2).
- (2) Application of the LTI for the Company Directors is subject to approval of the resolution on Directors’ compensation at the Shareholders Meeting.
- (3) The Board Incentive Plan Trust (“BIP Trust”) will be adopted when introducing the LTI. The BIP Trust is an incentive plan for Directors based on the Performance Share system and Restricted Stock system in the U.S.A. wherein Company shares that are acquired by the BIP Trust will be granted to Company Directors based on the achievement of performance indicators, etc.

(*1) The compensation for the Company Directors consists of “Base Compensation,” “Bonus,” and “Stock Compensation.” With regard to compensation for Outside Directors and Corporate Auditors, who are independent from the Company’s business operations, it will consist of “Base Compensation” as before.

(*2) The Company established a Compensation Committee with an Outside Director as its Chairperson, to serve as an advisory organization for the Board of Directors. The Compensation Committee discussed the introduction of the LTI and ensured the transparency and objectivity of the resolution process and the decision pertaining to the compensation system.

2. Structure of the BIP Trust



- (1) The Company obtains approval by a resolution on Directors' compensation at the Shareholders Meeting with regard to the introduction of this LTI.
- (2) The Company establishes the policies on Long-Term Incentive Scheme pertaining to Directors' compensation at the Board of Directors meeting with regard to the introduction of this LTI.
- (3) The Company entrusts money to Mitsubishi UFJ Trust and Banking Corporation ("Trustee") to the extent approved by the resolution at the Shareholders Meeting in (1) above and establishes a trust ("Trust") wherein Company Directors who meet the beneficiary requirements are Beneficiaries.
- (4) The Trustee (of the Trust) acquires Company shares from the stock market using money contributed in procedure (3) in accordance with the directions of the Trust administrator.
- (5) Dividends will be paid to Company shares under the Trust as well as other Company shares.
- (6) Voting rights will not be exercised during the Trust term with regard to Company shares under the Trust.
- (7) During the Trust term, Beneficiaries will receive Company shares according to the policies on Long-Term Incentive Scheme. (Beneficiaries may receive money by converting Company shares under the Trust into money according to the provisions of the trust agreement.)
- (8) If there are remaining shares at the expiry of the Trust term due to non-achievement of performance targets or other reasons during the Trust term, the Trust may continue to be used as a type of incentive plan similar to this LTI by changing the trust agreement and entrusting additional money to the Trust, or the Trust voluntarily conveys said remaining shares to the Company and the Company acquires them without payment and cancels the remaining shares by a resolution at the Board of Directors meeting.
- (9) Residual properties after distribution to Beneficiaries at the end of the Trust will belong to the Company to the extent of allowances for trust expenses, which are calculated by deducting the funds to acquire Company shares from the trust money. The portion exceeding the allowances for trust expenses will be donated to groups that have no conflict of interest with the Company and the Company Directors.

(Note) If there are no Company shares under the Trust due to the granting, etc. of Company shares to Beneficiaries, the Trust will be discontinued before expiry of the Trust term.

The Company may entrust additional money to the Trust as funds to acquire Company shares.

(Reference)

[Trust Agreement]

- | | |
|--|---|
| (1) Type of Trust: | Money trust other than a specified money trust for separate investment
(Third party benefit trust) |
| (2) Purpose of Trust: | To grant incentives to Members of the Board of Directors |
| (3) Trust settlor: | The Company |
| (4) Trustee: | Mitsubishi UFJ Trust and Banking Corporation
(Co-trustee: The Master Trust Bank of Japan, Ltd.) |
| (5) Beneficiaries: | Person(s) who meet beneficiary requirements from among Members of
the Board of Directors (excl. Outside Directors) |
| (6) Trust administrator: | A third person who has no conflict of interest with the Company
(Certified public accountant) |
| (7) Date of trust agreement: | August 4, 2014 (scheduled) |
| (8) Trust term: | From August 4, 2014 (scheduled) to the end of July 2017 (scheduled) |
| (9) Start of the Plan: | Granting base points on September 1, 2014 (scheduled) |
| (10) Exercise of voting rights: | No voting rights will be exercised |
| (11) Type of acquired shares: | Common Company shares |
| (12) Total amount of shares to be
acquired: | 1.3 billion yen (scheduled) (including trust fees and trust expenses) |
| (13) Time to acquire shares: | From August 6, 2014 (scheduled) to the end of August, 2014
(scheduled)
(excluding the five business days before the end of each fiscal period
(i.e. the full year, interim, and quarterly fiscal periods)) |
| (14) Manner of share acquisition: | To be acquired from the stock exchange market |
| (15) Vested rights holder: | The Company |
| (16) Residual properties: | Residual properties that the Company, which is the holder of vested
rights, can receive are within the extent of allowances for trust
expenses, which are calculated by deducting funds to acquire Company
shares from Trust money |

[Affairs related to Trust and Shares]

- | | |
|--------------------------------|---|
| (1) Affairs related to trust: | Mitsubishi UFJ Trust and Banking Corporation will be the trustee of the
BIP Trust and engages in affairs related to the Trust. |
| (2) Affairs related to shares: | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will engage in
affairs related to granting Company shares to Beneficiaries based on the
agreement of entrustment of affairs. |

###