

News Release

Continuation of Stock Grant System (Global Long-Term Incentive Plan) for Company Group Management in Japan and Overseas in Fiscal 2016

Osaka, Japan, May 16, 2016 -- Takeda Pharmaceutical Company Limited (“Company”) announced today that the meeting of the Board of Directors held today resolved to continue the global long-term incentive plan (“Plan”), which was introduced in fiscal 2014 as a stock grant system for Company Group Management in Japan and overseas.

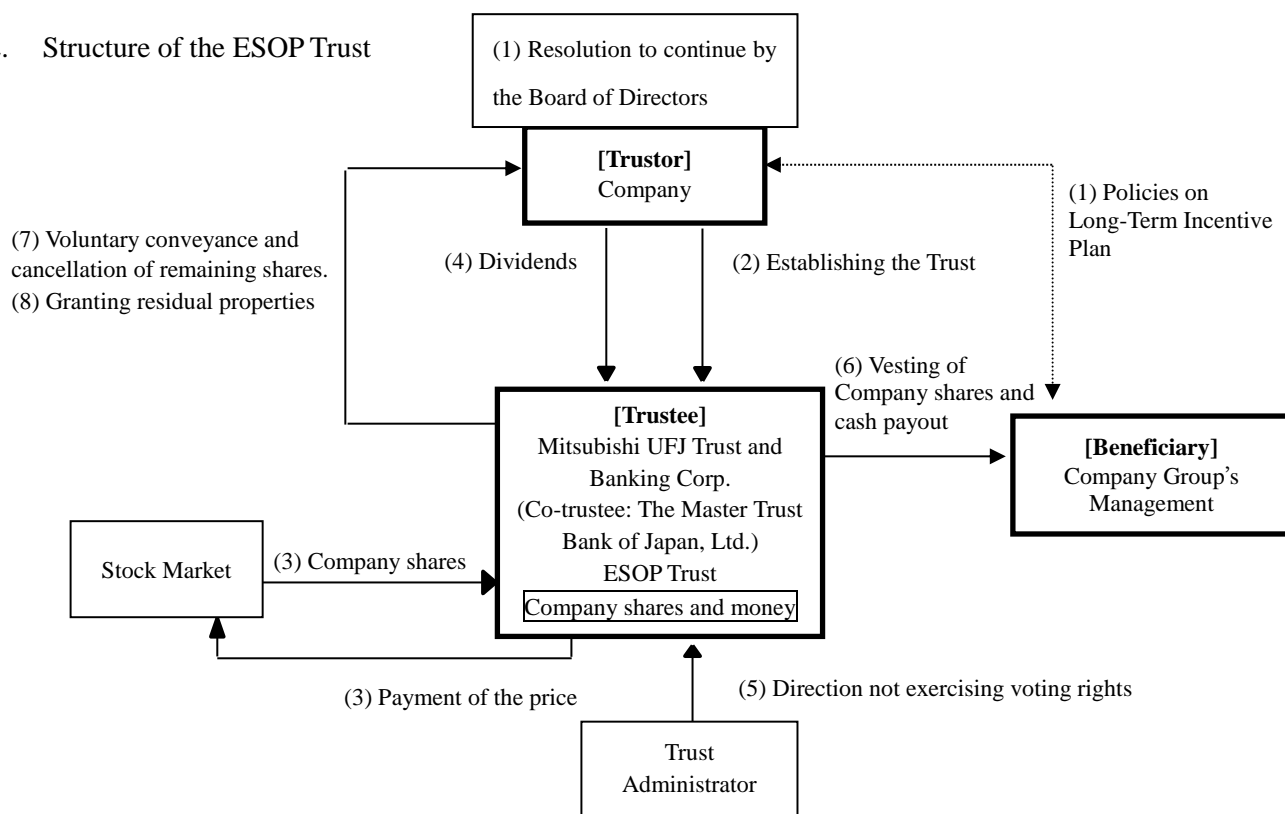
1. Outline of the Plan

- (1) The Company introduced this Plan in fiscal 2014 for Company Group Management in Japan and overseas as a highly transparent and objective incentive plan that is closely linked to company performance. The purpose of this Plan is to improve the Company’s mid- and long-term performance as well as raise awareness of the need to enhance the Company’s value.
- (2) The Stock Grant ESOP (Employee Stock Ownership Plan) Trust (“ESOP Trust”) was adopted for the Plan. A new ESOP Trust will be established when the Plan is continued in fiscal 2016. The ESOP Trust is an employee incentive plan based on the ESOP system in the U.S.A. wherein Company shares that are acquired by the ESOP Trust and the amount of money equivalent to Company shares converted into money (“Company Shares, etc.”) will be vested or paid (“vested, etc.”) to employees based on their job positions and the achievement of performance indicators, etc.^(*), along with dividends from Company shares.
- (3) The period when Company Group Management in Japan and overseas receives Company Shares, etc. and dividends from Company shares under this Plan will be a period specified each year during the Trust term.
- (4) This Plan is for Company Group Management in Japan and overseas and is expected to have the effects of encouraging Company Group Management to work together under the global framework and of raising their awareness of the need to improve the Company Group’s performance. Company Shares, etc. and dividends from Company shares will be paid according to the job positions of all Management personnel, on an individual basis, and achievement of performance indicators, etc., subject to having completed one year or longer of continued service at the Company in principle. This Plan thereby grants mid- and long-term incentives for improvement of the Company’s value to each member of the Management personnel and is expected to increase the effect of retaining Management.

(*) The Company contributes funds to acquire Company shares and establishes a trust where persons who meet the specified requirements from among the Company Group Management serve as Beneficiaries. This Trust acquires the estimated number of Company shares that will be vested to Beneficiaries based on the policies on Long-Term Incentive Plan that are provided

for by the Company in advance, during the acquisition period that is specified in advance. Then, according to the policies on Long-Term Incentive Plan, each year the said Trust will vest, etc. to Beneficiaries Company Shares, etc. and dividends from Company shares based on the job position of Beneficiaries or achievement indicators of company performance, etc. All of the funds for the Trust to acquire Company shares will be contributed by the Company and therefore the Beneficiaries will bear no burden in this regard.

2. Structure of the ESOP Trust



- (1) The Company resolved to continue the Long-Term Incentive Plan in fiscal 2016 by the Board of Directors meeting based on the Policies on Long-Term Incentive Plan.
- (2) The Company entrusts money to Mitsubishi UFJ Trust and Banking Corporation ("Trustee") and establishes a trust ("Trust") wherein Company Group Management who meet beneficiary requirements are Beneficiaries.
- (3) The Trustee (of the Trust) acquires Company shares from the stock market using money contributed in procedure (2) in accordance with the directions of the Trust administrator.
- (4) Dividends will be paid for Company shares under the Trust as well as other Company shares.
- (5) Voting rights will not be exercised during the Trust term with regard to Company shares under the Trust.
- (6) During the Trust term, pursuant to the policies on Long-Term Incentive Plan of the Company, Beneficiaries will receive Company shares equivalent to a certain ratio of share conversion points after the points have been granted. Meanwhile, the Company shares in a number equivalent to the remaining share conversion points will be converted into cash in the Trust determined by the provision of the Trust Agreement and the monetary equivalent will be received (Dividends from Company shares will also be paid to Beneficiaries corresponding to the number of Company Shares, etc. that are vested, etc. by the Trust.)
- (7) If there are residual shares at the expiry of the Trust term due to non-achievement of performance targets or for other reasons during the Trust term, the Trust may continue to be used as a type of incentive plan similar to this Plan by changing the trust agreement and by entrusting additional money to the Trust, or the Trust may voluntarily convey the said residual shares to the Company and the Company may acquire them

without payment and cancel the residual shares by a resolution at the Board of Directors meeting.

- (8) 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 vesting, etc. of Company Shares, etc. to Beneficiaries or for other reasons, the Trust will be discontinued before the expiry of the Trust term.

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

(Reference)

[Trust Agreement]

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| (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 Company Group Management in Japan and overseas |
| (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 the Company
Group Management in Japan and overseas |
| (6) Trust administrator: | A third person who has no conflict of interest with the Company
(Certified public accountant) |
| (7) Date of trust agreement: | May 20, 2016 (scheduled) |
| (8) Trust term: | From May 20, 2016 (scheduled) to the end of August 2019 (scheduled) |
| (9) Start of the Plan: | Granting base points on July 1, 2016 (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: | 21 billion yen (scheduled) (including trust fees and trust expenses) |
| (13) Time to acquire shares: | From May 23, 2016 (scheduled) to June 23, 2016 (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]

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

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