

News Release

Notice Concerning Issuance of New Stocks through Third-Party Allotment associated with Continuation of Stock Grant System (Global Long-Term Incentive Plan) for Company Group Management in Japan and Overseas in Fiscal 2018

Osaka, Japan, February 1, 2018 -- Takeda Pharmaceutical Company Limited (“Company”) announced that the meeting of the Board of Directors held today resolved to issue new stocks through third-party allotment (“Issuance of New Stocks”) associated with the continuation of the stock grant system (Global Long-Term Incentive Plan; “Plan”) for Company Group Management in Japan and Overseas in fiscal 2018.

1. Outline of issuance

(1) Payment date	Friday, March 9, 2018
(2) Type and number of stocks to be issued	Common Company shares; numbering 3,550,000 shares
(3) Issuance price	6,415 yen per share
(4) Total value of stocks to be issued	22,773,250,000 yen
(5) Planned allottee	The Master Trust Bank of Japan, Ltd. (trust account for Stock grant ESOP)
(6) Other	The Issuance of New Stocks shall be subject to the effectiveness of the registration pursuant to the Financial Instruments and Exchange Act of Japan.

2. Purpose of and reason for issuance

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. The meeting of the Board of Directors held today resolved to continue the Plan in fiscal 2018. For the outline of this Plan, please refer to “Continuation of Stock Grant System (Global Long-Term Incentive Plan) for Company Group Management in Japan and Overseas in Fiscal 2018” released today.

The Company will implement the Issuance of New Stocks associated with the continuation of the Plan in fiscal 2018 and the extension of the trust term of the ESOP Trust already established in fiscal 2015

(“Trust”), in a manner to issue its stocks through third-party allotment to The Master Trust Bank of Japan, Ltd., a co-trustee of the stock grant ESOP trust agreement that the Company entered into with Mitsubishi UFJ Trust and Banking Corporation.

The number of shares to be issued is 3,550,000 shares, which is calculated by deducting the number of the Company shares expected to remain after the vesting, etc. (including the payment of the amount of money equivalent to the Company shares converted into money within the Trust; the same shall apply hereinafter) of the Company shares to be scheduled by July 2018 among the number of shares remaining today as trust assets of this Trust from the number of Company shares expected to be vested, etc. to Company Group Management based on the policies on Long-Term Incentive Plan. The effect of dilution will be 0.45% to the total number of outstanding shares, numbering (excluding the treasury shares) 790,717,635 shares, as of the end of September 2017 (rounding off to two decimal places; the ratio to the total number of voting rights of 7,898,157 as of the end of September: 0.45%).

The Company shares to be allocated through the Issuance of New Stocks will be vested, etc. to Company Group Management based on the policies on Long-Term Incentive Plan. The Company does not assume that these shares will flow into the stock market at once and, thus, judges that the impact on the secondary market will be minor and the issuance volume and the effect of dilution would therefore be reasonable.

3. Outline of 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 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) meeting 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 22, 2015 (an amendment agreement is scheduled to be executed regarding the extension of the Trust term as of February 28, 2018)
(8) Trust term:	From May 22, 2015 to the end of August 2018 (the Trust term is scheduled to be extended to the end of August 2021 based on the amendment agreement executed as of February 28, 2018)
(9) Start of the Plan:	Granting base points on July 1, 2018 (scheduled)
(10) Exercise of voting rights:	No voting rights will be exercised

4. Basis of calculation of the amount to be paid and details thereof

The purpose of the Issuance of New Stocks is to continue the Plan.

In order to avoid arbitrariness impacting an issuance price, the issuance price is set at 6,415 yen, the closing price of the Company shares on the Tokyo Stock Exchange (“TSE”) on January 31, 2018, the

business day immediately preceding the day on which the meeting of the Board of Directors decided on the Issuance of New Stock, in compliance with the “Guidelines Concerning Treatment of Capital Increase by Third Party Allotment” of the Japan Securities Dealers Association.

The reason for adopting the closing price of the Company shares on the business day immediately preceding the day on which the meeting of the Board of Directors decided on the Issuance of New Stock as the issuance price is that this price represents the Company’s fair corporate value in the stock market and is thus determined to be reasonable as the issuance price.

The said price is i) the value obtained by multiplying 6,524 yen (less than 1 yen is rounded down), the average of the closing prices of Company shares in the TSE in the month (from January 1, 2018 to January 31, 2018) immediately preceding the resolution of the meeting of the Board of Directors, by 98.33% (rate of deviation: -1.67%; rounding off to two decimal places; the same shall apply hereinafter), and ii) the value obtained by multiplying 6,358 yen (less than 1 yen is rounded down), the average of the closing prices of Company shares for the latest three months (from November 1, 2017 to January 31, 2018) immediately preceding the resolution of the meeting of the Board of Directors, by 100.90% (rate of deviation: 0.90%), and iii) the value obtained by multiplying 6,223 yen (less than 1 yen is rounded down), the average of the closing prices of Company shares for the latest six months (from August 1, 2017 to January 31, 2018) immediately preceding the resolution of the meeting of the Board of Directors, by 103.09% (rate of deviation: 3.09%).

Accordingly, the Company determines that the said price does not fall under the category of especially advantageous terms.

The Company’s Audit & Supervisory Committee, consisting of four Directors who are Audit & Supervisory Committee members, of which three are External Directors, also expressed its opinion that the grounds for calculation of the issuance price were reasonable and that the said price did not fall under the category of especially advantageous terms.

5. Procedures in the Code of Corporate Conduct

In the Issuance of New Stocks, the dilution rate is less than 25% and changes in controlling shareholders are not involved. Accordingly, it is not subject to procedures for obtaining an opinion from an independent third party and confirmation of the intent of shareholders specified by Article 432 of the Securities Listing Regulations established by the TSE.

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