



## News Release

### **Continuation of Stock Grant System (Global Long-Term Incentive Plan) for Company Group Management in Japan and Overseas in Fiscal 2019**

**Osaka, Japan, May 14, 2019** -- Takeda Pharmaceutical Company Limited (“Company”) ([TSE: 4502/NYSE: TAK](#)) announced that the meeting of the Board of Directors held today resolved to continue the global long-term incentive plan (“Plan”) in fiscal 2019. The Plan was first introduced in fiscal 2014 as a stock grant system for Company Group Management in Japan and overseas.

In addition, the meeting of the Board of Directors held on the same day resolved to issue new stocks through third-party allotment (“Issuance of New Stocks”) associated with the continuation of the Plan. For details of the Issuance of New Stocks, please refer to “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 2019” released today.

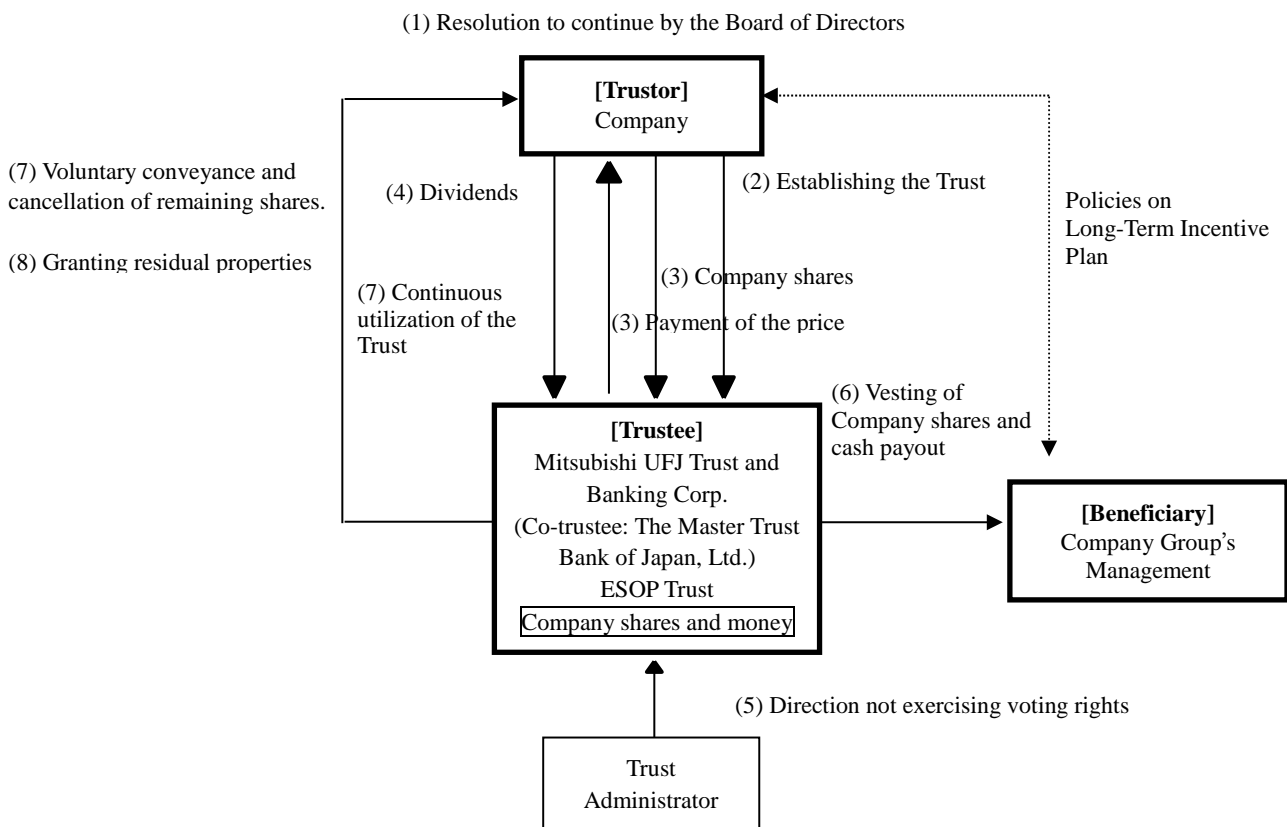
#### 1. Outline of the Plan

- (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. The Trust term of the ESOP Trust already established in fiscal 2016 will be extended with entrustment of additional money to the said Trust, in order to allow the Plan to be continued in fiscal 2019. 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.<sup>(\*)</sup>, 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 extends the Trust term of the ESOP Trust already established in fiscal 2016 wherein persons meeting the specified requirements from among the Company Group Management serve as Beneficiaries and additional money is

entrusted to the Trust to acquire Company shares. This Trust will acquire Company shares from the Company (“Issuance of New Stocks”). The number of target shares will be calculated by deducting the number of the Company shares expected to remain after the vesting, etc. of the Company shares to be scheduled by July 2019 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 Beneficiaries based on the policies on Long-Term Incentive Plan that are provided for by the Company 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 of performance indicators, 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 (extension)



- (1) The Company resolved to continue the Long-Term Incentive Plan in fiscal 2019 by the Board of Directors meeting.
- (2) The Company extends the term of the Trust already established (“Trust”) wherein Mitsubishi UFJ Trust and Banking Corporation is a Trustee and Company Group Management who meet beneficiary requirements are Beneficiaries, and entrusts additional money to the Trust.
- (3) The Trustee (of the Trust) acquires Company shares from the Company (“Issuance of New Stocks”) using money contributed in procedure (2) and any remaining cash in the current Trust 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]

- (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 20, 2016 (an amendment agreement is scheduled to be executed regarding the extension of the Trust term as of May 31, 2019)
- (8) Trust term: From May 20, 2016 to the end of August 2019 (the Trust term is scheduled to be extended to the end of August 2022 based on the amendment agreement executed as of May 31, 2019)
- (9) Start of the Plan: Granting base points on July 1, 2019 (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: Approximately 49 billion yen (scheduled) (including trust fees and trust expenses)
- (13) Manner of share acquisition: To be acquired from the Company (“New Stock Issuance”)
- (14) Vested rights holder: The Company
- (15) 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 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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**Media Contacts:**

Ai Yoshikawa

[ai.yoshikawa@takeda.com](mailto:ai.yoshikawa@takeda.com)

+81 (0) 3-3278-3004

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