



**Takeda Pharmaceutical Company Limited**

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## News Release

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### **Notice Concerning Stock Options (Stock Acquisition Rights) for Members of the Board of Directors, Corporate Officers and Senior Management**

**Osaka, Japan, June 24, 2011** --- Takeda Pharmaceutical Company Limited (“the Company”) announced today that the two Subscription Requirements, etc., regarding Stock Acquisition Rights for Directors, Corporate Officers and Senior Management as stock options, were resolved by the Board of Directors in accordance with Companies Act articles 238 and 240.

The following is a notification of the specific terms.

I. Rationale for granting Stock Options Remuneration to Directors, Corporate Officers and Senior Management  
The aim is to further elevate morale and motivation of Directors, Corporate Officers and Senior Management to improve medium-to-long-term business results and thereby to enhance the corporate value of the Company in a unified manner.

II. Outline of the offer for subscription of Stock Acquisition Rights

#### **The First Series of Stock Acquisition Rights for FY2011 issued by Takeda Pharmaceutical Company Limited**

1. Category of persons to whom Stock Acquisition Rights will be allotted and their number

- Company Directors, four (4) people

2. Total number of Stock Acquisition Rights

- 592

This total number is the projected number of rights to be allotted. In case the total number of rights in subscriptions for allotment of such rights does not reach the number shown above, the total number of rights in actual subscriptions shall be the total number of rights to be allotted.

3. Class and number of shares to be issued or transferred upon exercise of Stock Acquisition Rights

- 100 shares of Common Stock of the Company per Stock Acquisition Right

In the event that the Company conducts a stock split, a free distribution (“*musho-wariate*”) of shares or a stock consolidation of its common stock, following the date of the aforementioned resolution by the Board of Directors, such number of shares shall be adjusted by application of the equation noted below. Such adjustment shall be made for the number of shares to be issued or transferred upon exercise of Stock Acquisition Rights that have not been exercised as of that time. Any fractional figure of less than one (1) share arising as a result of this adjustment shall be rounded down.

\* Post-adjustment number of shares = pre-adjustment number of shares x split or consolidation rate

Note: In the event of free distribution of shares, the rate shown above shall be the quotient of division of the post-distribution

outstanding stock volume (excluding treasury stock) by the pre-distribution outstanding stock volume (excluding treasury stock).

In the event of a stock split, the post-adjustment number of shares shall be applied beginning on the base day for that split. In the event of free distribution of shares or stock consolidation, it shall be applied beginning on the day of effectuation of the distribution or consolidation.

In addition to the cases noted above, the Company shall reasonably adjust to the extent possible, the number of shares to be issued or transferred upon exercise of Stock Acquisition Rights, based on resolutions by the Board of Directors in the event of occurrence of circumstances requiring such adjustment following the aforementioned date of resolution by the Board of Directors.

In the event of such adjustment of the number of shares, the Company shall notify each holder of Stock Acquisition Rights noted in the Stock Acquisition Rights ledger about the requisite matters no later than the previous day to the application of the post-adjustment number of shares. However, when notification cannot be made by this date, the Company shall promptly make notification thereafter.

4. Payment for Stock Acquisition Rights and method of calculating the same

The amount of payment in exchange for a single Stock Acquisition Right (hereinafter referred to as "Payment") shall be equal to the fair value per Stock Acquisition Right on the allotment date (as calculated using the Black-Scholes model based on the closing value on the Tokyo Stock Exchange on said day (or on the closing value immediately preceding the day, in the case there are no transactions on said day); this calculation shall be consigned to YAMADA FAS Co., Ltd.).

\*\* The Payment shall be the fair value of the Stock Acquisition Right, and shall not be corresponding to particularly favorable conditions.

\*\* On the allotment date, the Company shall make a consensual offset between the remuneration credits held by the Director toward the Company and the right to demand payment of the amount to be paid in for Stock Acquisition Rights.

5. Amount of assets to be contributed upon exercise of each Stock Acquisition Rights

The amount of assets to be contributed to the Company upon exercise of each Stock Acquisition Right shall be the amount obtained by multiplying the amount of assets to be contributed per share, which shall be one (1) yen, by the number of shares to be issued or transferred upon exercise of each Stock Acquisition Right.

6. Allotment date of Stock Acquisition Rights

- July 15, 2011

7. Period during which Stock Acquisition Rights may be exercised

The period during which Stock Acquisition Rights may be exercised shall be the period from the date on which three (3) years have passed from the allotment date of the Stock Acquisition Rights to the date on which ten (10) years have passed since the allotment date, i.e., from July 16, 2014 to July 15, 2021.

However, in the event that a Director to whom Stock Acquisition Rights are allocated retires due to the expiration of his/her term of office or for other good reason, such Director may exercise Stock Acquisition Rights immediately following the date of such retirement even if that is before July 16, 2014.

#### 8. Conditions for exercise of Stock Acquisition Rights

At the time of the exercise of the Stock Acquisition Rights, the holder of Stock Acquisition Rights must be a Director of the Company; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of office or for another good reason.

A single Stock Acquisition Right may not be exercised in part.

#### 9. Restrictions on transfer of Stock Acquisition Rights

Stock Acquisition Rights cannot be acquired through transfer, unless such acquisition is approved by the Board of Directors of the Company.

#### 10. Amounts of capital stock and capital reserve to be increased in the event of issuance of shares due to exercise of Stock Acquisition Rights

The amount of capital stock to be increased in the event of issuance of stock upon exercise of Stock Acquisition Rights (A) shall be one-half (1/2) of the ceiling amount of capital stock, etc., increase (B) as calculated in accordance with Paragraph 1, Article 17 of the Corporate Calculation Regulations.

However, any fractions less than one (1) yen arising as a result of such calculation shall be rounded upward to the nearest yen.

The amount of capital reserves to be increased in the event of issuance of stock upon exercise of Stock Acquisition Rights shall be the remainder after subtraction of the aforementioned amount of increased capital stock (A) from the aforementioned ceiling amount of capital stock, etc., increase (B).

### The Second Series of Stock Acquisition Rights for FY2011 issued by Takeda Pharmaceutical Company Limited

#### 1. Category of persons to whom Stock Acquisition Rights will be allotted and their number

- Corporate Officers and Senior Management, one hundred and thirteen (113) people

#### 2. Total number of Stock Acquisition Rights

- 15,644

This total number is the projected number of rights to be allotted. In case the total number of rights in subscriptions for allotment of such rights does not reach the number shown above, the total number of rights in actual subscriptions shall be the total number of rights to be allotted.

#### 3. Class and number of shares to be issued or transferred upon exercise of Stock Acquisition Rights

- 100 shares of Common Stock of the Company per Stock Acquisition Right

In the event that the Company conducts a stock split, a free distribution (“*musho-wariate*”) of shares or a stock consolidation of its common stock, following the date of the aforementioned resolution by the Board of Directors, such number of shares shall be adjusted by application of the equation noted below. Such adjustment shall be made for the number of shares to be issued or transferred upon exercise of Stock Acquisition Rights that have not been exercised as of that time. Any fractional figure of less than one (1) share arising as a result of this adjustment shall be rounded down.

\* Post-adjustment number of shares = pre-adjustment number of shares x split or consolidation rate

Note: In the event of free distribution of shares, the rate shown above shall be the quotient of division of the post-distribution outstanding stock volume (excluding treasury stock) by the pre-distribution outstanding stock volume (excluding treasury stock).

In the event of a stock split, the post-adjustment number of shares shall be applied beginning on the base day for that split. In the event of free distribution of shares or stock consolidation, it shall be applied beginning on the day of effectuation of the distribution or consolidation.

In addition to the cases noted above, the Company shall reasonably adjust to the extent possible, the number of shares to be issued or transferred upon exercise of Stock Acquisition Rights, based on resolutions by the Board of Directors in the event of occurrence of circumstances requiring such adjustment following the aforementioned date of resolution by the Board of Directors.

In the event of such adjustment of the number of shares, the Company shall notify each holder of Stock Acquisition Rights noted in the Stock Acquisition Rights ledger about the requisite matters no later than the previous day to the application of the post-adjustment number of shares. However, when notification cannot be made by this date, the Company shall promptly make notification thereafter.

#### 4. Payment for Stock Acquisition Rights and method of calculating the same

The amount of payment in exchange for a single Stock Acquisition Right (hereinafter referred to as "Payment") shall be equal to the fair value per Stock Acquisition Right on the allotment date (as calculated using the Black-Scholes model based on the closing value on the Tokyo Stock Exchange on said day (or on the closing value immediately preceding the day, in the case there are no transactions on said day); this calculation shall be consigned to YAMADA FAS Co., Ltd.).

\*\* The Payment shall be the fair value of the Stock Acquisition Right, and shall not be corresponding to particularly favorable conditions.

\*\* On the allotment date, the Company shall make a consensual offset between the remuneration credits held by the Corporate Officers and Senior Management toward the Company and the right to demand payment of the amount to be paid in for Stock Acquisition Rights.

#### 5. Amount of assets to be contributed upon exercise of each Stock Acquisition Rights

The amount of assets to be contributed to the Company upon exercise of each Stock Acquisition Right shall be the amount obtained by multiplying the value per share determined below (hereinafter referred to as "Exercise Price"), by the number of shares to be issued or transferred upon exercise of each Stock Acquisition Right.

The Exercise Price of each Stock Acquisition Right shall be the amount of the average of the closing value (hereinafter referred to as "Closing Price") of the ordinary transaction of the Company's common stock on the Tokyo Stock Exchange each day for the one (1) month period preceding the date of issue of the Stock Acquisition Right (excluding the days on which no transactions are executed), and any fractions of one (1) yen incurred there from shall be rounded up. However, where the value thereof falls below the Closing Price of the day preceding the issue date of the Stock Acquisition Right (where there are no closing prices on that day, the closing price as of the most recent day prior to such date), the Exercise Price shall be the Closing Price on the day preceding the issue date of the Stock Acquisition Right.

- (1) After the allotment date of the Stock Acquisition Rights, where the Company conducts a stock split or a stock consolidation, the Exercise Price shall be adjusted by the following formula, and any fractions falling short of one (1) yen as a result of the adjustment shall be rounded up.

Exercise Price after adjustment = Exercise Price before adjustment × 1/Ratio of stock split or stock consolidation

- (2) After the allotment date of the Stock Acquisition Rights, where the Company issues common stock at a value that is less than the market price, or disposes of the treasury stock of the common stock (excluding the issue of new shares due to the exercise of the Stock Acquisition Rights), the Exercise Price shall be adjusted by the following formula, and any fractions falling short of one (1) yen incurred as a result of the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new shares to be issued} \times \text{Payment per share}}{\text{Market price}}}{\text{Number of issued shares} + \text{Number of new shares to be issued}}$$

The number of treasury stocks held by the Company shall be excluded from the “Number of issued shares” in the calculation above, and in the case of a disposal of treasury stocks, the “Number of new shares to be issued” shall be read as the “number of treasury stocks to be disposed”.

- (3) After the allotment date of the Stock Acquisition Rights, in the case of any unavoidable events necessitating adjustments of the Exercise Price, such as where the Company decreases its capital, in consideration of various terms, the Exercise Price shall be adjusted within a reasonable extent.

## 6. Allotment date of Stock Acquisition Rights

- July 15, 2011

## 7. Period during which Stock Acquisition Rights may be exercised

The period during which Stock Acquisition Rights may be exercised shall be the period from the date on which three (3) years have passed from the allotment date of the Stock Acquisition Rights to the date on which twenty (20) years have passed since the allotment date, i.e., from July 16, 2014 to July 15, 2031.

However, in the event that a person to whom Stock Acquisition Rights are allocated retires due to the expiration of his/her term of office, mandatory retirement or for other good reason, such person may exercise Stock Acquisition Rights immediately following the date of such retirement even if that is before July 16, 2014.

## 8. Conditions for exercise of Stock Acquisition Rights

- (1) At the time of the exercise of the Stock Acquisition Rights, the holder of Stock Acquisition Rights must be a Director, an employee or other positions similar thereto within the Company or the Company’s subsidiaries; provided, however, that this shall not apply in the case where the holder retires due to the expiration of his/her term of office, mandatory retirement or for another good reason.
- (2) Where the holder of Stock Acquisition Rights is found to have acted in breach of trust against the Company or the Company group, the holder of Stock Acquisition Rights may not exercise its share options.

- (3) If the holder of Stock Acquisition Rights is subject to imprisonment or severer penalty, such holder of Stock Acquisition Rights may not exercise its share options.
- (4) Pledges and any other disposal of the Stock Acquisition Rights may not be approved.
- (5) A single Stock Acquisition Right may not be exercised in part.

#### 9. Restrictions on transfer of Stock Acquisition Rights

Stock Acquisition Rights cannot be acquired through transfer, unless such acquisition is approved by the Board of Directors of the Company.

#### 10. Terms and conditions to acquire the Stock Acquisition Rights

- (1) Where the shareholders' meeting approves a merger agreement in which the Company becomes the extinct company, or the shareholders' meeting approves a share exchange agreement or a proposal to transfer shares in which the Company becomes a wholly-owned subsidiary, on a date separately set forth by the meeting of board of directors, the Company may acquire the Stock Acquisition Rights without consideration.
- (2) Where the holder of Stock Acquisition Rights fails to exercise the Stock Acquisition Rights since it no longer fall under the terms before the holder of Stock Acquisition Rights exercise its rights, on a date separately set forth by the board of directors, the Company may acquire the Stock Acquisition Rights without consideration.

#### 11. Amounts of capital stock and capital reserve to be increased in the event of issuance of shares due to exercise of Stock Acquisition Rights

The amount of capital stock to be increased in the event of issuance of stock upon exercise of Stock Acquisition Rights (A) shall be one-half (1/2) of the ceiling amount of capital stock, etc., increase (B) as calculated in accordance with Paragraph 1, Article 17 of the Corporate Calculation Regulations.

However, any fractions less than one (1) yen arising as a result of such calculation shall be rounded upward to the nearest yen.

The amount of capital reserves to be increased in the event of issuance of stock upon exercise of Stock Acquisition Rights shall be the remainder after subtraction of the aforementioned amount of increased capital stock (A) from the aforementioned ceiling amount of capital stock, etc., increase (B).

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