

Notice regarding introduction of Restricted Stock remuneration plan

TOKYO, JAPAN – May 9, 2019 – Terumo Corporation (TSE: 4543) hereby announces that it has decided to submit a proposal for introduction of a Restricted Stock remuneration plan (hereinafter “**Plan**”) at the 104th Annual General Meeting of Shareholders to be held on June 21, 2019 in light of the Company’s review of the remuneration system for its Directors and the resolution to introduce the Plan at the meeting of its Board of Directors on May 9, 2019.

1. Purpose and Conditions for Introduction of the Plan

(1) Purpose of introduction of the Plan

The Company plans to introduce the Plan so that the Company’s Directors who reside in Japan (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter “**Eligible Directors**”) will share benefits and risks of stock price movement with shareholders and further enhance their desire to contribute to rises in stock prices and improvement of enterprise value. For that purpose, the Company hereby plans to allot, instead of the stock options as stock-based remuneration mentioned below, the Company’s common stock subject to a certain share transfer restriction period (hereinafter “**Restricted Stock**”) to Eligible Directors, as described below. If the Plan is resolved, the Company will no longer allot, to any Eligible Directors, who are residents of Japan, share options in the form of the stock options as stock-based remuneration.

(2) Conditions for introduction of the Plan

Because monetary remuneration claims are provided as remuneration to Eligible Directors in order to allot shares under the Plan, the introduction of the Plan shall be subject to the approval of the Company’s shareholders at the Annual General Meeting of Shareholders with regard to the provision of such remuneration.

It was approved at the Company’s 100th Annual Shareholders’ Meeting held on June 24, 2015 that the amount of remuneration for the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members) be within 700 million yen per year. Since then, the Company has provided fixed remuneration, performance-based bonuses, and stock options as stock-based remuneration within the upper limit. In addition to the current upper limit of remuneration, the Company plans to propose to set the maximum total amount of the monetary remuneration claims for Restricted Stocks at 200 million yen per year, which the Company believes is reasonable in light of the purposes described above. The Company decided on this maximum amount based on the amount of stock options that the Company has provided in the past as stock-based remuneration.

The Company would like to keep the current upper limit of remuneration of 700 million yen per year, which was approved in the past, unchanged and provide fixed remuneration, performance-based bonuses, and stock options as stock-based remuneration within that limit for reasons, including the following: the Company may continue to provide Directors who reside outside of Japan with stock options as stock-based remuneration, and it is necessary to prepare for an increase in the number of Directors associated with changes in the business environment.

The Company would like to continue treating the amount of Directors’ remuneration as not including employee salaries paid to Directors who concurrently serve as employees.

2. Overview of the Plan

(1) Allotment and payment of Restricted Stock

The Company will deliver monetary remuneration claims within the above annual limit as remuneration related to Restricted Stock to Eligible Directors based on a resolution of the Company's Board of Directors. Each Eligible Director will receive Restricted Stock by making an in-kind contribution of all the monetary remuneration claims.

The payment amount for Restricted Stock will be determined by the Company's Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the day when the Company's Board of Directors makes a resolution related to the issuance or disposal of Restricted Stock (in case no trade is concluded on that day, the closing price on the most recent trading day before that), within a range such that the amount is not particularly advantageous to Eligible Directors who receive Restricted Stock.

The above monetary remuneration claims will be delivered to Eligible Directors on the condition that they agree to the above in-kind contribution and that they have concluded with the Company an agreement on allotting Restricted Stock containing the terms stipulated in (3) below.

(2) Total number of Restricted Stock

The maximum number of Restricted Stock to be allotted to Eligible Directors will be 100,000 shares per business year.

However, if a share split of the Company's common stock (including allotment of the Company's common stock without contribution), a share consolidation of the Company's common stock, or any other event occurs that requires an adjustment of the total number of Restricted Stock to be allotted to Eligible Directors after the day of the resolution of this proposal, the Company may reasonably adjust the total number of Restricted Stock.

(3) Details of the agreement on allotting Restricted Stock

The agreement on allotting Restricted Stock to be concluded between the Company and Eligible Directors who receive an allotment of Restricted Stock based on a resolution of the Company's Board of Directors will contain the following terms.

(a) Details of the restriction on the transfer of shares

Eligible Directors to whom Restricted Stock is allotted may not transfer to a third-party, create a pledge or mortgage by transfer on, make an advancement, make a bequest, or otherwise dispose of Restricted Stock allotted to them (hereinafter "**Allotted Stock**") for thirty years (hereinafter the "**Transfer Restriction Period**").

(b) Acquisition of Restricted Stock without compensation

If an Eligible Director who receives an allotment of Restricted Stock resigns from the position of Director of the Company before the day of the first annual shareholders' meeting of the Company after the start of the Transfer Restriction Period, all of his or her Allotted Stock will automatically be acquired by the Company without consideration except in the case that the Company's Board of Directors deems that the reason for the resignation is valid.

The Company will automatically acquire all Allotted Stock without consideration if the transfer restriction on the Allotted Stock has not been lifted at the expiration of the Transfer Restriction Period of (1) above based on the terms provided in (c) "Lifting of transfer restriction" below.

(c) Lifting of transfer restriction

On the condition that an Eligible Director to whom the Restricted Stocks were allotted has continuously held the position of Director of the Company for the period commencing from the first date of the Transfer Restriction Period and ending on the date of the Annual Shareholders' Meeting to be held immediately following such first date, the transfer restriction on all of his or her Allotted Stock will be lifted by the Company when the Transfer Restriction Period expires.

However, if the Eligible Director resigns from the position of Director of the Company before the expiration of the Transfer Restriction Period for reasons deemed valid by the Company's Board of Directors, the number of Allotted Stock for which the transfer restriction will be lifted and the timing of the lifting of the transfer restriction will be reasonably adjusted as necessary.

(d) Treatment in the event of reorganization

If, during the Transfer Restriction Period, proposals relating to a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization are approved at the Company's shareholders' meeting (or if the approval at the Company's shareholders' meeting is not required in relation to the reorganization in question, a meeting of the Company's Board of Directors), based on a resolution of the Company's Board of Directors, the Company will lift the transfer restriction on the number of Allotted Stock that is reasonably calculated considering the period from the beginning of the Transfer Restriction Period to the date of approval of the reorganization prior to the date on which the reorganization becomes effective.

In this case, the Company will automatically acquire without compensation Allotted Stock on which the transfer restriction is not lifted, as of the time immediately after the transfer restriction is lifted under the above provision.

(Reference)

<Directors' Remuneration System after Approval of Plan>

(Current)	
Fixed remuneration	Within 700 million yen per year
Performance-based bonuses	
Stock options as stock-based remuneration*	

* Those who are eligible to receive stock options as stock-based remuneration are all Directors excluding Outside Directors and Directors who are Audit and Supervisory Committee Members.

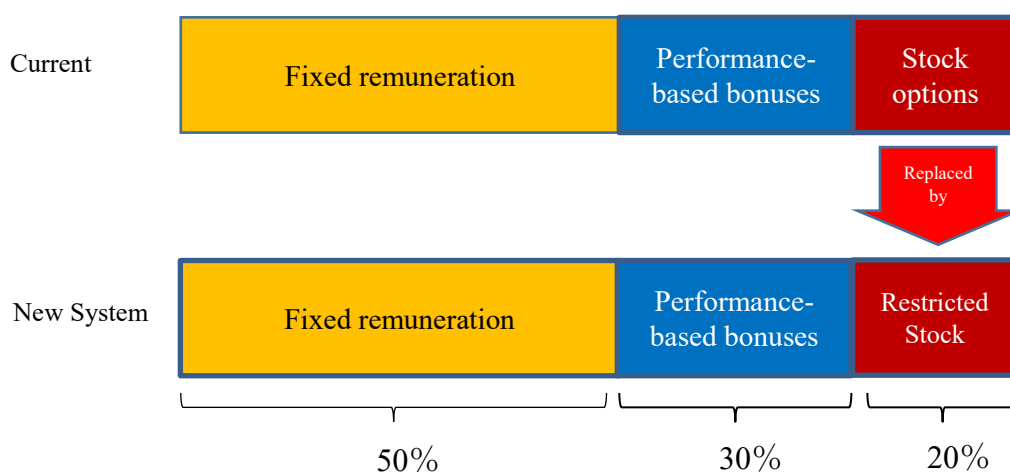


(New System)	
Fixed remuneration	Within 700 million yen per year
Performance-based bonuses	
Stock options as stock-based remuneration*	
Restricted Stock	Within 200 million yen per year

* Those who are eligible to receive stock options as stock-based remuneration are only Directors who reside outside of Japan.

<Percentage>

The target percentages of fixed remuneration, performance-based bonuses, and stock-based remuneration are 50%, 30%, and 20%, respectively (these figures are for the total number of Executive Directors).



* The Company intends to allot restricted stock with the same features as the above-described Restricted Stock to the Company's executive officers and Fellows who reside in Japan, after the conclusion of this shareholders' meeting.

- * Fellows mean associates appointed as “Terumo Fellows” with expertise and experience in their fields, and who have made outstanding contributions leading to innovation in medical settings and technology, research, and clinical development.