

ANNUAL REPORT 2017



Keeping Patients and Medical Professionals at the Center of Everything We Do

To fulfill its corporate mission of “Contributing to Society through Healthcare,” Terumo continually rises to the challenge of delivering outstanding innovation to patients and medical professionals.



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Terumo Communication Tools

Mid- to Long-term Growth Strategy, Business Activities, and Financial Information

<http://www.terumo.com/investor/library/annualreport/>



Annual Report

Japanese, English
Printed, PDF



Financial Information

English
PDF

Environmental and Social Initiatives

<http://www.terumo.com/csr/>



Sustainability Report

Japanese, English
PDF



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Terumo prepares communication tools to provide stakeholders with straightforward reporting on the business activities we are pursuing in fulfillment of our corporate mission — “Contributing to Society through Healthcare” — and to promote communication with society. The Annual Report and the report titled “Financial Information” (English only) provide information on our primary business activities and results, from the perspective of our Mid- to Long-term Growth Strategy. They inform readers on Terumo’s initiatives for creating innovations valuable for medical settings.

In addition, beginning with fiscal 2017, we are also publishing the Sustainability Report (Japanese and English, PDF) to provide information on how we are helping to build a sustainable society by lowering our environmental impact and contributing to society.

Coverage

Report coverage includes to the extent possible those elements of the global Terumo Group falling within the scope of consolidated earnings statements.

Coverage, however, differs in certain instances.

Reporting Period

This report covers activities for fiscal 2016 (April 1, 2016 to March 31, 2017).

However, some of our most recent activities are also included.

Note Regarding Forward-looking Statements

This report includes information on future plans, strategies, and business performance. This information represents judgments based on information available as of the time the report was prepared. Changes in economic conditions, business environments, demand, currency exchange rates, and other factors, therefore, may cause actual business performance to differ significantly from forecasts or projections.

Corporate Mission, Five Statements and Global Vision



© Courtesy of the Kitasato Institute archives

Terumo Corporation was founded in 1921 by several scientists and doctors, including Dr. Shibasaburo Kitasato, to produce clinical thermometers in Japan. These vital medical devices had previously been imported, until they were cut off as a consequence of World War I.

The lifelong spirit of Dr. Kitasato, whose achievements received global recognition, is found in his statement: “Scientists should never feel self-satisfaction doing advanced research; the true objective is for the results to be put to use, thereby contributing to society.”

“Contributing to Society through Healthcare,” is both Terumo’s starting point and unchanging corporate mission. Keeping Dr. Kitasato’s spirit of innovation and challenge alive, we strive to bring outstanding innovation to medicine and enable the best possible care for patients.

Corporate Mission

Contributing to Society through Healthcare

We contribute to society by providing valued products and services in the healthcare market and by responding to the needs of patients and healthcare professionals.

Five Statements

- | | |
|-----------------------------|--|
| Open Management: | We maintain a fundamental policy of open management, work to secure and return to our benefactors a suitable profit, and strive to develop our business on a global basis as befits a leading company in the industry. |
| Enhanced Value: | We emphasize the importance of scientific thinking, creativity, and time appropriation, and respond in depth to customer needs by creating valued products and services. |
| Safety and Reliability: | We pride ourselves on our commitment to the development of technologies and quality assurance systems that ensure safe, reliable products. |
| Respect for Our Associates: | We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our slogan, "Associate Spirit," as we prepare to meet the challenges of the future. |
| Corporate Citizenship: | We conduct our business activities in a fair and equitable manner and act responsibly toward the environment as we fulfill our responsibilities as a good corporate citizen. |
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Global Vision

Innovating at the Speed of Life

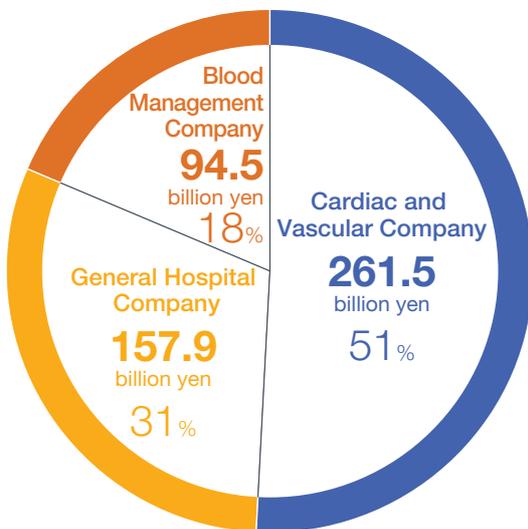
As society changes constantly and science and technology advance, we remain focused on lives, and on rapidly bringing new value to medical settings.

Business Overview

Terumo is rising to the challenge of medical innovation in three business segments.

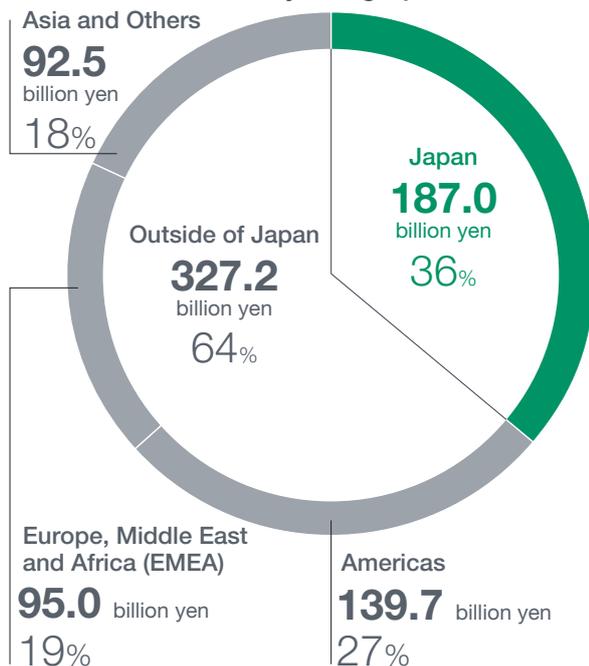
Fiscal 2016
Net Sales **514.2** billion yen

Net Sales by Company*



* Excludes net sales of 205 million yen not attributable to a single company.

Net Sales by Geographic Area



Cardiac and Vascular Company



General Hospital Company



Blood Management Company (Terumo BCT)



Realizing minimally invasive treatments through endovascular interventions for various parts of the body and in cardiovascular surgery

The Cardiac and Vascular Company specializes in two primary therapeutic areas—endovascular intervention and cardiovascular surgery. Endovascular intervention uses catheters, thin tubular devices inserted into the patient’s blood vessel, to perform diagnostic or therapeutic procedures. These procedures are performed within or via blood vessels in various parts of the body. Terumo focuses on coronary, peripheral, and neurovascular interventions, and interventional oncology in the form of chemo-embolization for liver cancer.

In the area of cardiovascular surgery, we develop cardiopulmonary bypass systems, artificial vascular grafts, and other products. Our goal in all of these areas is to lower physical burdens on patients and achieve better therapeutic effectiveness.

Main Products

Terumo Interventional Systems Division

Angiographic guidewires, angiographic catheters, introducer sheaths, vascular closure devices, PTCA balloon catheters, coronary stents, and other products

Neurovascular Division

Coils used to treat cerebral aneurysms, coil assist stents, and other products

CV Systems Division

Oxygenators, heart-lung machines, and other products

Vascular Graft Division

Vascular grafts, stent grafts, and other products

Through unique technology and services, improving safety and efficiency in medical settings while contributing to better drug delivery

From hospital bedsides to patient homes, increasingly diverse medical settings require medical devices and drugs with functionality and usability that fit each situation. The General Hospital Company raises safety and efficiency by providing platforms that systemize products to the various procedures for all aspects of healthcare, and that use IT to link crucial data.

The company also focuses on developing syringes optimized for biopharmaceuticals, and on a CMO business model using advanced sterilized manufacturing technology; by bringing new value to pharmaceuticals, Terumo contributes to the advancement of drug delivery.

Main Products

Hospital Systems Division

Infusion sets, IV catheters, infusion pumps, syringe pumps, syringes, needles, vacuum blood collection tubes, prefilled syringes, Analgesic, IV solutions, high-calorie IV solutions, nutrients, peritoneal dialysis systems, blood glucose monitoring systems, digital blood pressure monitors, digital thermometers, and other products

Alliance Division

Contract manufacturing of prefilled syringes, products for pharmaceutical companies (prefillable syringes, intradermal injection devices, needles for pharmaceutical packaging business, and other products)

The Blood Management Company drives customer value and enhances patient outcomes through blood component, therapeutic apheresis, and cellular technologies

As a global leader in blood component, therapeutic apheresis, and cellular technologies, the Blood Management Company (Terumo BCT) is the only company with the unique combination of apheresis collections, manual and automated whole blood processing, and pathogen reduction technologies. We believe in the potential of blood to do even more for patients than it does today. This belief inspires our innovation and strengthens our collaboration with customers.

Main Products

Blood Centers

Blood bags, automated blood collection system, automated blood component processing system, pathogen reduction technology system, and other products

Therapeutic Apheresis and Cell Collections

Centrifugal apheresis system and other products

Cell Processing

Cell expansion system and other products

A History of Creating Value

Achieving Sustainable Growth by Delivering Valuable Innovation to Medical Settings throughout the World

The needs of medical settings are diversifying; developed countries are experiencing aging populations while emerging countries are seeing rapid economic growth. In order to meet the diversified needs, Terumo has expanded its operations on a global scale and delivered valuable innovation to medical settings throughout the world. Through these initiatives, Terumo has achieved sustainable growth and now does business in over 160 countries.

Products and Technologies

- 2005 Launched microtapered needle NANOPASS 33 for injecting insulin in Japan



NANOPASS™ 33

- 2007 Launched DuraHeart left ventricular assist system in Europe



Anaconda™

- 2010 Launched V-Trak HydroCoil Embolic System, an embolization coil used to treat cerebral aneurysms, in Japan



V-Trak™ HydroCoil Embolic System

- 2009 Kyowa Hakko Kirin Co., Ltd. started selling NESP Injection Plastic Syringe*, a long-acting erythropoiesis-stimulating agent in Japan.

*Developed jointly with Terumo and sold by Kyowa Hakkō Kirin Co., Ltd.

- Launched Anaconda stent graft for treating aortic aneurysms in Europe

- 2011 Launched Nobori, the first domestically produced drug-eluting coronary stent, in Japan

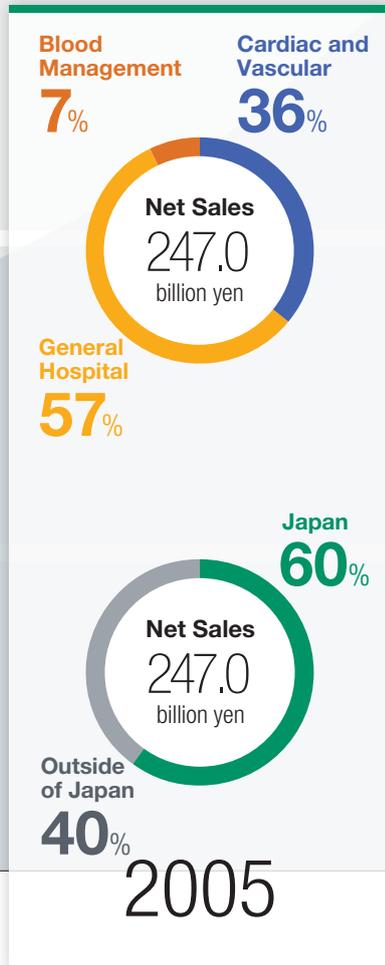
Alliances and Acquisitions

- 2005 Acquired the U.S. company MicroVention, Inc.

- 2011 Acquired the U.S. company CaridianBCT Holding Corp.
- Acquired the U.S. company Harvest Technologies Corp.

Expansion of Global Operations

- 2006
 - Established Terumo Vietnam Co., Ltd. as a manufacturing facility
 - Established Terumo Chile Ltda. as a sales base
- 2009 Established Terumo Americas Holding, Inc. in the U.S.
- 2010
 - Established Terumo Colombia Andina S.A.S. as a sales base
- 2011
 - Established Terumo (China) Holding Co., Ltd.
 - Established Terumo Asia Holdings Pte. Ltd. in Singapore



2006 2007 2008 2009 2010 2011

2012

- Launched NANOPASS Needle II disposable needle for pen injector (NANOPASS 34) in Japan



NANOPASS™34

2013

- Launched Misago stent for peripheral artery disease in Japan



Ultimaster™

2014

- Launched Ultimaster drug-eluting coronary stent in Europe, Latin America, and Asia (excluding Japan)
- Launched NICOPELIQ, the world's first peritoneal dialysis solution with neutralized icodextrin, a product originating in Japan

2015

- Obtained FDA approval to sell Misago stent for peripheral artery disease in the U.S.
- Obtained approval to manufacture and sell HeartSheet autologous skeletal myoblast sheets in Japan
- Launched Ultimaster drug-eluting coronary stent in Japan



HeartSheet™



AdSpray™

2016

- Obtained approval to manufacture and sell AdSpray, Japan's first sprayable adhesion barrier gel, in Japan
- Launched VISICUBE intravascular ultrasound diagnostic system and AltaView intravascular ultrasound catheter in Japan

2012

- Established joint venture in peritoneal dialysis business with Weigao in China

2015

- Entered into a strategic alliance with the Dutch company Quirem Medical B.V.

2016

- Acquired the U.S. company Sequent Medical, Inc.
- Acquired the vascular closure device business owned by the U.S. companies St. Jude Medical, Inc. and Abbott Laboratories
- Acquired the U.S. company Bolton Medical, Inc.

2012

- Established Terumo BCT Vietnam Co., Ltd. as a manufacturing facility
- Established Terumo Russia LLC as a sales base

2015

- Announced decision to establish a new R&D center for TIS (Terumo Interventional systems) business in the U.S. state of California

2013

- Started operation of MicroVenton Costa Rica S.R.L. as a manufacturing facility
- Established Terumo India Private Ltd. as a sales base
- Established Terumo Medical Innovation, Inc. as an R&D base in the U.S.

2012

2013

2014

2015

(FY)

Blood Management

18%

Cardiac and Vascular

51%

Net Sales
514.2
billion yen

General Hospital

31%

Japan

36%

Net Sales
514.2
billion yen

Outside of Japan

64%

2016

Message from the President and CEO



**Becoming a Top Brand
Trusted in Medical Settings All Over the World
— As a Global Corporation with Unique Excellence**

Shinjiro Sato
President and CEO

On Becoming President and CEO

In April 2017, I was given the opportunity to serve as President and CEO. In this section, I would like to discuss the direction in which Terumo must head.

Terumo was founded in 1921 and grown since then under its corporate mission of “Contributing to Society through Healthcare.” In that time we have changed our business structure and expanded globally, but through it all, we have shared this corporate mission with our associates as an unchanging starting point that remains constant.

In implementing our Mid- to Long-term Growth Strategy, we once again confirmed the importance of our corporate mission and have adopted “being a global corporation with unique excellence” as our mid- to long-term vision, in order to achieve sustainable and profitable growth. This has two meanings.

The first is to “become a top brand trusted in medical settings all over the world,” while the second is to “ensure that trust with total quality.”

In the medical device industry, competition continues to grow fiercer across the globe in recent years, as European companies, Japanese companies, and local companies in other regions of the world as well as major U.S. companies have begun competing with each other. Simultaneously, there is increasing downward pressure on healthcare expenditures — not only in advanced countries but also all over the world.

It is therefore vital that we are recognized as a top brand in medical settings throughout the world. The criteria medical institutions use to select device manufacturers are increasingly strict; it may very well be impossible to compete if ours



is not a trusted brand. Rather than obtaining just a temporary share of sales, it will be important for Terumo to continually provide unique value that other companies cannot match, in order to gain the support of our customers over the long term.

I would like to focus on “Total Quality” to ensure that Terumo is trusted as a top brand. I believe that demand will only grow stronger for Total Quality as the entire industry matures; this includes everything from product performance and physical quality to stable supply and sales service quality. Our development, production, sales, and support divisions all share a similar responsibility regarding quality. Improving the quality of work in each department is the key to achieving world-class Total Quality.

Mid- to Long-term Vision

Being a Global Corporation with Unique Excellence

Earn the trust of medical settings globally as a **top brand**

Total Quality
Ensure world-class trust with Total Quality
(quality of products, supply, and services)

Total Quality that creates world-class trust consists of:

Product quality

- Product quality
- Quality Management System (QMS)
- Improvements to quality for patients and usability

Supply quality

- Stable supply
- Product lineup expansion
- Fast product launch

Service quality

- Clinical support
- Customer-oriented sales approach
- Enhancement of scientific evidence, such as clinical trials

Review of Performance in Fiscal 2016

Looking back on fiscal 2016, we had three major accomplishments.

■ Improved profitability

Our first accomplishment was improved profitability. Each Company made efforts to improve profitability for the past few years. As a result, the profitability of each Company recovered and reached an expected level.

In the Cardiac and Vascular Company, sales in the Terumo Interventional Systems business were brisk, helping to increase profits. In the CV Systems business, all shipping restrictions were lifted from the Terumo Cardiovascular Systems Corp. Ann Arbor Factory after an inspection by the U.S. Food and Drug Administration (FDA), enabling shipment to new customers. At the same time, the cost burden of improving our Quality Management System will decrease, so the CV Systems business is expected to contribute to increasing profits going forward. Through these and other efforts, our operating margin has improved four points over the last three years, to reach 25%.

In the General Hospital Company, we have undertaken profit structure reform over the last few years and achieved further improvement in this fiscal year. In addition to withdrawing from low-profitability businesses and products in overseas markets such as Europe and the Americas, we continue to transition to highly profitable businesses such as our BtoB business with pharmaceutical companies. Due to these and other continuous efforts, our operating margin has improved two points over the last three years, to 15%.

In the Blood Management Company, profitability declined temporarily from the second half of fiscal 2015 due to decreased prices for blood center products in the U.S. However, this turned around in fiscal 2016, and we expect prices to stabilize over the long term. Beginning in fiscal 2017, we will continue to expand sales in the therapeutic apheresis and other fields with high margin and growth potential, and we will strive to further improve profitability for the entire Company.

■ Accelerated growth strategy through acquisitions

Our second accomplishment is accelerating our growth strategy by making acquisitions. The three businesses in the Cardiac & Vascular Company have all made acquisitions.

In the Neurovascular business, we acquired Sequent Medical, Inc., a U.S. company that was the first to develop and then commercialize a new type of aneurysm embolization device. If clinical trials proceed as expected and the product can be launched quickly in the U.S., the largest medical device market in the world, we can establish a predominant position in the neurovascular market, which is expected to expand.

In the Terumo Interventional Systems business, acquisitions from St. Jude Medical and Abbott Laboratories have given us “Angio-Seal,” a vascular closure device that boasts a top world share. This means that Terumo now offers a full range of interventional access products used for interventional procedures — from puncture to hemostasis. We expect that adding the closure device that boasts the world’s top market share will help bring Terumo’s presence in the U.S. to the next level.

In the Vascular Graft business, we acquired Bolton Medical, Inc., a U.S. company that develops, manufactures, and sells stent grafts used to treat aortic aneurysms. In addition to serving as an opportunity to participate in the U.S. stent graft field, where we have not entered yet, we expect that this will contribute to overall growth in the Vascular Graft business by adding a lineup of thoracic stent graft with high growth potential.

These acquisitions will strategically supplement our existing business portfolios and strengthen our presence in the U.S., the world’s largest market for medical devices, and will serve an important role in promoting our growth strategies.

Major U.S. companies in the medical device industry continue to make large-scale mergers, resulting in so-called “horizontal integration” and “consolidation.” In response to these trends, Terumo will “select and concentrate” on markets and businesses in which we can demonstrate our unique strengths, and will attempt to differentiate itself from major U.S. companies through systemizing products to various procedures and developing a lineup of products corresponding to each medical treatment process.

■ Improved capital efficiency

Our third accomplishment is improved capital efficiency. In addition to continuing to selling off shares in other companies held for strategic purposes, we acquired 44.2 billion yen worth of the Company’s own shares. This has reduced the value of shares in other companies held for strategic purposes to 1% or less of our total assets. Furthermore, in response to demand for approximately 170 billion yen in acquisition capital, we took full advantage of the negative interest rate to procure these funds by debt-financing at an extremely low cost. Thanks to these efforts, our capital structure improved, and return on equity (ROE) was up 1.5 points from fiscal 2015 of 9.3% to 10.8%.



Our Priorities for Fiscal 2017

During fiscal 2017, we will work to execute three key initiatives.

The first one is strengthening our global operations. As we continue to expand our business scale through acquisitions and other means, strengthening operational capabilities globally is becoming increasingly important to achieve sustainable growth. More specifically, we will expand production capacity to ensure double-digit sales volume growth, improve our Quality Management System to a global standard, and establish efficient supply chain management capable of matching supply and demand between regions all over the world. We will promote corporate-wide optimization and make timely investments so that these measures will deliver expected results.

The second one is accelerating strategic development. Acquisitions and internal development are both crucial for achieving sustainable growth. We would therefore like to take a corporate-wide strategic perspective in strengthening internal development as well as seeking opportunities for acquisitions. Toward that end, we have redefined the role of our corporate-wide research and development organization. Each of the three companies will be responsible for strengthening its short-to-medium term product pipeline in order to realize its individual strategy. Meanwhile, the corporate will create new businesses and technologies and will promote the development of technologies that will serve as common bases, with an eye on growth 10 years down the line.

During fiscal 2017, we will focus on enhancing development infrastructures and resources. As a part of this plan, we reviewed our R&D organization in Shonan district in April, and have launched a new “Corporate R&D Center.” In May, we opened the “TIS Mastery Center” within the Ashitaka Factory development area, in an attempt to accelerate and enhance interventional device development. We have also further improved environments in order to stimulate creativity and communication among our associates and to accelerate development. For example, we expanded our open communication areas to provide associates with spaces to casually exchange opinions, and have established new “Clinical Research Room” where associates can collaborate with physicians to discuss our products. Finally, in September we opened a new development site in southern California, an industrial cluster of advanced medical device development, to promote development of interventional products. At this site, we will accelerate development of therapeutic devices for peripheral intervention and other products by leveraging the resources and technologies of MicroVention, Inc., the headquarters of the Neurovascular Division, with the aim of launching the products globally.

The third one is leveraging the comprehensive strength of the Terumo Group. We will strengthen cooperation between businesses and countries based on our business-led management organized around three companies and work to maximize

synergies. In addition, each corporate function will continue to cooperate on a global level, with our CXOs* responsible for each function throughout the entire Terumo group taking the lead, in order to globalize headquarters functionality and enhance corporate governance throughout the group. We will also promote our corporate brand strategy, and appeal our comprehensive strength of the Terumo Group on a global level. Finally, in addition to evolving our global human resource strategy to develop associates who drive overseas business growth, we will promote interaction between associates in both business divisions and factories, in order to stimulate people and organizations.

* Positions responsible for corporate functions of the entire Terumo Group, including finance and accounting, legal and compliance, research and development, clinical and regulatory affairs, quality, and IT.

Mid- to Long-term Growth Strategy Goals

Our new management team starting in April 2017 is committed to the Mid- to Long-term Growth Strategy announced in December 2016, and we have started working toward putting it into place.

Although our previous mid-term management plan focused on improving profitability, our current Mid- to Long-term Growth Strategy for the next five years aims to put all companies back on track for growth and to achieve “sustainable and profitable growth” as a corporate-wide effort. Our management indicators are to achieve faster sales growth than market growth, and to achieve faster profit growth than sales growth. We will aim to achieve an adjusted earnings per share (EPS) between 270 and 300 yen in fiscal 2021 and maintain an adjusted ROE of 10% or greater during the next five years.

In 2021, we will welcome the 100th year of Terumo’s founding. We will achieve sustainable and profitable growth by continuing to provide valuable innovation to patients and medical settings all over the world. We hope to earn your continued understanding and support.

Management Indicators in Mid- to Long-term Growth Strategy

Growth	Profitability	Efficiency
Faster sales growth than market growth	Faster profit ^{*1} growth than sales growth	Maintain ROE ^{*3} of 10% or higher
High single-digit growth	Double-digit growth Adjusted EPS ^{**2} between 270 and 300 yen (Fiscal 2021)	

Assumed exchange rate: USD=105 yen, EUR=115 yen

^{*1} Adjusted operating income excluding amortization of intangible assets derived from acquisitions, one-time acquisition expense, impairment, gain and loss from sales of stocks and others (IFRS). (Terumo will adopt International Financial Reporting Standards (IFRS) from fiscal 2017 end settlement of accounts.)

^{*2} Adjusted EPS excluding amortization of intangible assets derived from acquisitions, one-time acquisition expense, impairment, gain and loss from sales of stocks and others.

^{*3} Adjusted ROE excluding foreign currency translation adjustment balance related to the assets from acquisition included in net assets.

Cardiac and Vascular Company



Mid- to Long-term Vision

Provide Quality Goods and Services, and Be the Brand of Choice

- Be within the top three players in each market where we participate
- Gain world-class trust from our customers with “Total Quality,” including our products, services, and customer support

Hikaru Samejima

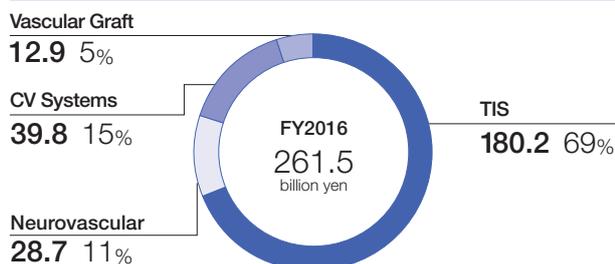
President, Cardiac and Vascular Company

FY2016 Results

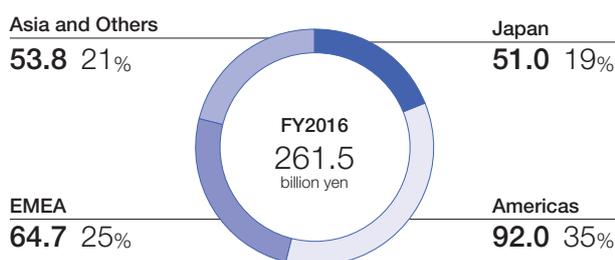
* Before amortization of goodwill and other intangibles

Net Sales	Operating Income*	Operating Margin*
261.5 billion yen	65.0 billion yen	25%

Net Sales by Business (Billion yen) /Percentage of Sales

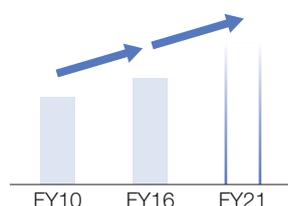


Net Sales by Region (Billion yen) /Percentage of Sales



Sales Target toward FY2021

Sales growth to lead Terumo Group
Near double-digit growth



Operating Income* Target toward FY2021

Profit growth faster than sales growth
Double-digit growth
Keep 25%+ adjusted operating margin



Assumed foreign exchanges rate: USD=105 JPY, EUR=115 JPY

* Adjusted operating income excluded amortization of intangible assets derived from acquisitions, one-time acquisition expense, impairment, gain and loss from sales of stocks and others (IFRS)

Changes to Business Environment and Opportunities for Growth

The cardiac and Vascular Company has continued to build a balanced product portfolio as it grows steadily, focusing on two fields: endovascular intervention using catheters such as neurovascular, coronary, peripheral, and interventional oncology and cardiovascular surgery. However, the business environment around us is becoming increasingly challenging. As demand growth in advanced countries slows while product prices trend downward, huge companies are being formed through consolidation of major companies, resulting in further concentration and oligopolization. With these circumstances in mind, we have chosen to “provide quality goods and services, and be the brand of choice” as our mid- to long-term vision.

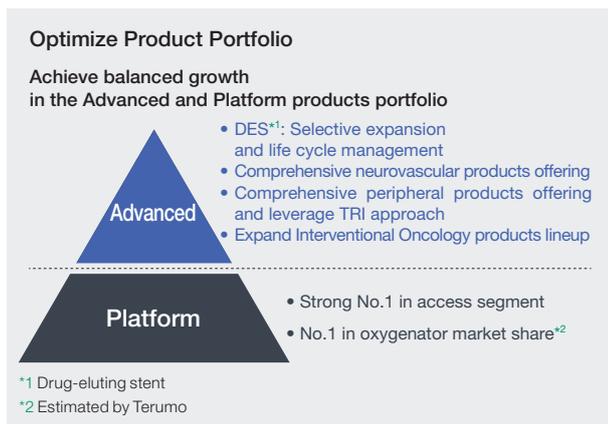
Our specific goals are to “be within the top three players in each market where we participate” and to “gain world-class trust from our customers with Total Quality,” for not only our products but also services and customer support. To accomplish these goals, we treat these business environment changes as growth opportunities, and have set five important strategies that leverage our strengths.

Mid- to Long-term Growth Strategy: Focuses

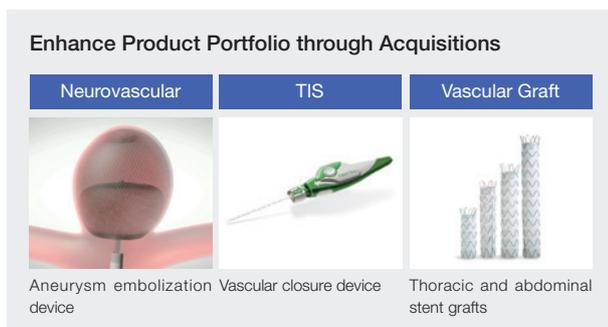
- Evolve a balanced “Advanced and Platform” model
- Further develop global frontiers
- Leverage synergies across four businesses
- Gain a competitive edge through innovation
- Strengthen operational capabilities and infrastructure

■ Evolve a balanced “Advanced and Platform” model

The Cardiac and Vascular Company has maintained a balanced product configuration in two areas: “Platform” products that support therapeutic procedures such as access devices and “Advanced” products that directly contribute to therapeutic procedure such as drug-eluting stents and coils and stents for treating cerebral aneurysm. We will leverage this strength to provide solutions that combine these two areas, and will enhance our product lineup, to achieve highly profitable and sustainable growth.



During fiscal 2016, the Neurovascular business, Terumo Interventional Systems business, and the Vascular Graft business, which handles artificial vascular grafts and stent grafts, each made acquisitions to contribute toward strengthening our product portfolio.



■ Further develop global frontiers

We will prioritize investment in the U.S. market, the world’s largest market for medical devices, where we have significant growth opportunities, and in emerging markets such as China and India, and will enhance our product lineup and organization in order to improve our presence in global markets and increase sales.

■ Leverage synergies across four businesses

We will leverage our business structure that provides a wide range of products from endovascular intervention to cardiovascular surgery field to maximize synergy between businesses, by

sharing best practices in each business; making mutual use of technologies, sales channels, and production and development sites; and promoting joint projects in adjacent areas.

■ Gain a competitive edge through innovation

We will deliver valuable innovation fast to medical settings by leveraging our core technologies in development sites inside and outside Japan, and promoting rapid development in locations near markets. In May 2017, we opened the “TIS Mastery Center” in the Ashitaka Factory, our central site for developing and producing interventional products. The center has an office environment which encourages interaction and cooperation between associates working in development and production, in order to accelerate innovation. We also opened a new development site in southern California in September. This new site serves as a center for developing therapeutic devices in the neurovascular intervention, peripheral intervention, and interventional oncology areas, in order to create innovation that leverages synergy between technologies.

■ Strengthen operational capabilities and infrastructure

We will focus on strengthening a foundation to support growth, in ways including investing in R&D and production facilities, and enhancing global headquarters functions. With the U.S. Food and Drug Administration shipping restrictions lifted from the Terumo Cardiovascular Systems Corp. Ann Arbor Factory, we can now focus on establishing operations to stably produce and supply oxygenators. We will also undergo a range of initiatives, including optimizing our production sites from a global perspective, increasing production capacity, enhancing the supply chain to support growth, and continuing to reduce costs.

New Product Pipelines (Announced Dec. 2016)

	Short- to mid-term pipeline (Fiscal 2017 through 2019)	Mid- to long-term pipeline (Beyond fiscal 2020)
TIS	<ul style="list-style-type: none"> • New Ultimaster • New PTCA Balloon • PTCA Balloon for U.S. Market • Radioembolic Beads • Peripheral Therapeutic Devices for Radial Access • Drug Coated Balloon 	<ul style="list-style-type: none"> • Next Generation DES • New Imaging System • New Closure Device • Renal Denervation Catheter • Atherectomy • Devices for Structural Heart Disease
Neuro-vascular	<ul style="list-style-type: none"> • New Aneurysm Embolization Device “WEB” • Flow Diverter “FRED” • Stroke Devices 	<ul style="list-style-type: none"> • Advanced “WEB” • Advanced Coil • Coated Stent
CV Systems	<ul style="list-style-type: none"> • New Generation Oxygenator NX 	<ul style="list-style-type: none"> • Next Generation Blood Gas Parameter Monitoring “CDI”
Vascular Graft	<ul style="list-style-type: none"> • Next Generation Stent Graft “Anaconda LP” • New Vascular Graft “Triplex Advanced” 	<ul style="list-style-type: none"> • Frozen Elephant Trunk Device “Thoraflex Hybrid”

General Hospital Company



Mid- to Long-term Vision

Contribute to Improving Hospital Care Quality and Efficiency, and Bring Innovation to Drug Delivery with Our Unique Technologies and Services

Shift gears to enhance sales and achieve sustainable growth

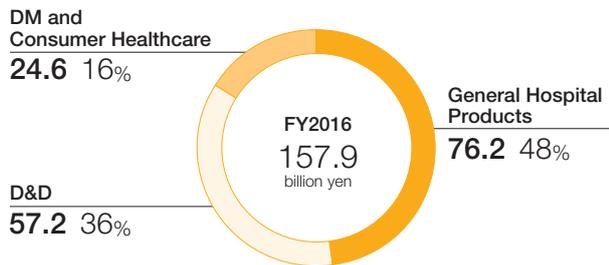
Shoji Hatano

President, General Hospital Company

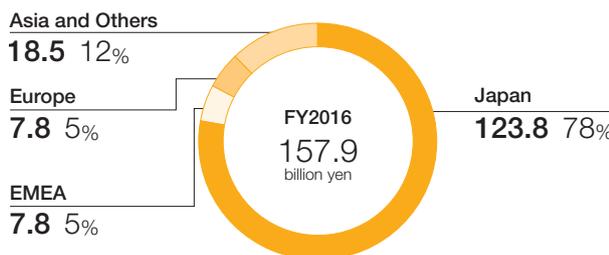
FY2016 Results * Before amortization of goodwill and other intangibles

Net Sales 157.9 billion yen	Operating Income* 23.8 billion yen	Operating Margin* 15%
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Net Sales by Business (Billion yen) /Percentage of Sales

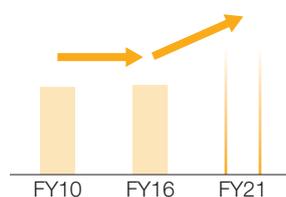


Net Sales by Region (Billion yen) /Percentage of Sales



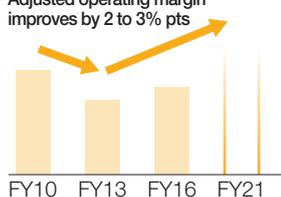
Sales Target toward FY2021

Shift gears to enhance sales
Mid-single-digit growth



Operating Income* Target toward FY2021

Achieve faster profit growth than sales growth through continuous cost and profit management
High-single-digit growth
Adjusted operating margin improves by 2 to 3% pts



Assumed foreign exchanges rate: USD=105 JPY, EUR=115 JPY

* Adjusted operating income excluded amortization of intangible assets derived from acquisitions, one-time acquisition expense, impairment, gain and loss from sales of stocks and others (IFRS)

Changes to Business Environment and Opportunities for Growth

In recent years, the General Hospital Company has revised its business and product portfolio, reduced costs, and conducted thorough cost and profit management for each region and product, with a focus on improving profitability. We are now changing our course to focus on sales growth in our current Mid- to Long-term Growth Strategy, and we will aim for sustainable growth as we continue to thoroughly manage cost and profit.

The General Hospital Company finds itself in a harsh business environment in the Japanese hospital market. The number of patients continues to increase as the population ages, but there is demand to keep medical expenses down. There is a strong need to improve the QOL of patients and provide efficient medical care in the hospital market. We see this as a market opportunity to offer solutions to these needs.

On the other hand, innovation of drugs continues in the pharmaceutical market. Examples of this include the shift from conventional low-molecular-weight drugs to biologics, and the spread of immune therapy. Most biologics are injectable drugs, so there is a need for administration devices that are compatible with the characteristics of each drug. It is also becoming difficult for pharmaceutical companies to engage in new blockbuster drug development, placing them in a very harsh business environment. Amid these changes, demand is increasing from pharmaceutical companies for drug administration devices that can differentiate their drugs, and for contract manufacturing to keep investment costs down.

In consideration of these needs, we have formulated two important strategies in our current Mid- to Long-term Growth Strategy.

Mid- to Long-term Growth Strategy: Focuses

- Establish a healthcare platform
- Be the best partner for pharmaceutical companies

■ Establish a healthcare platform

Terumo will leverage its overall strengths to expand its business for hospitals within Japan. To establish a healthcare platform to improve safety and operational efficiency in medical settings, we will provide a wide lineup of products including infusion pumps, syringe pumps, closed infusion systems, and anticancer drug administration systems.

We will also continue to expand our lineup of products that support early discharge from hospital and improve patient QOL, such as pain management related products and sprayable adhesion barrier gel.

System-based drug-administration safety

Smart infusion pump system
The smart infusion pump system allows a hospital to manage drug-administration data through its IT network.

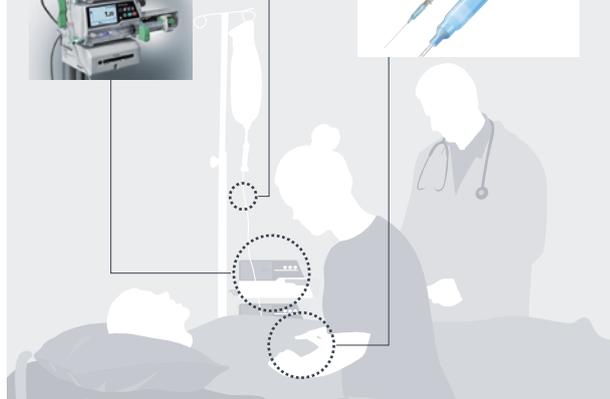


Closed infusion system
Infusion system emphasizing ease of use and safety, while contributing to infection prevention



Safety IV catheter
Engineered to prevent needle stick injury






Closed anticancer drug infusion system



Analgesic



Sprayable adhesion barrier gel

■ Be the best partner for pharmaceutical companies

We will work with pharmaceutical companies to provide new value and expand our BtoB business inside and outside Japan. We will focus on developing prefilled syringe and prefillable syringe products that are suitable for biomedical and pharmaceutical products, and on our contract manufacturing business that utilizes advanced sterilized manufacturing technology.

We will also expand our packaged business in which we sell injection needles and intravenous needles packaged with drugs provided by pharmaceutical companies. In addition, we will work toward developing high added value devices such as an intradermal injection device that makes it simpler and more certain to inject within the upper layer of skin (the epidermis and dermis) which contains a large number of cells related to immunity, thereby aiming to create new markets.



Prefillable syringe



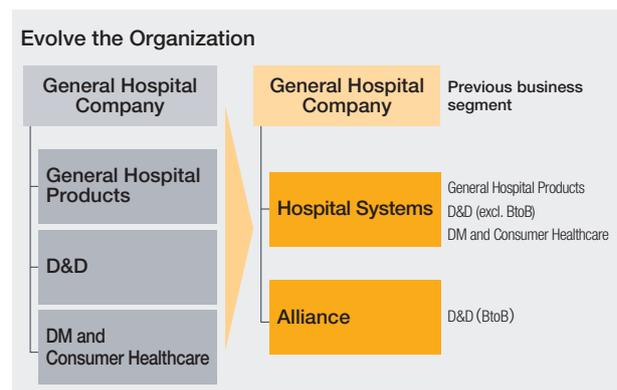
Intradermal injection device



Administration device (needle) for pharma packaging business

Evolve the Organization to Execute Growth Strategy

To drive our Mid- to Long-term Growth Strategy, we have reorganized our previous three-business organization into two businesses: The Hospital Systems Division and our Alliance Division. The Hospital Systems Division will continue to pursue stable growth by promoting businesses responding to hospital market needs. The Alliance Division will focus on expanding BtoB business for pharmaceutical companies, and will function as a growth driver for the General Hospital Company.



Blood Management Company (Terumo BCT)



Execute on Our Five-year Growth Strategy by Meeting Diverse Customer Needs through Our Current Portfolio, Services and Future Innovations

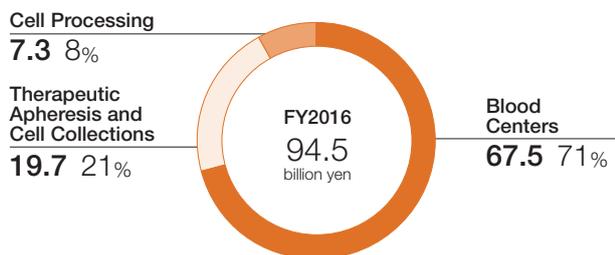
David Perez

President, Blood Management Company
President and CEO, Terumo BCT

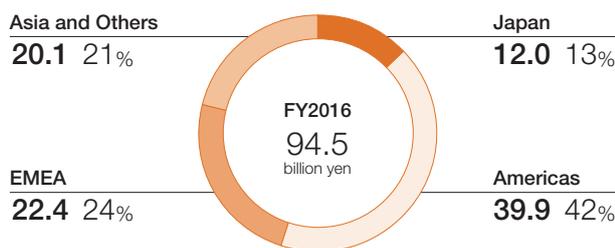
FY2016 Results * Before amortization of goodwill and other intangibles

Net Sales 94.5 billion yen	Operating Income* 13.6 billion yen	Operating Margin* 14%
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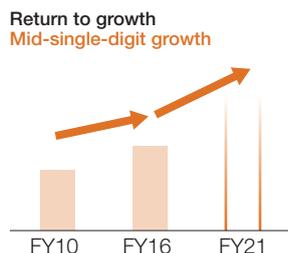
Net Sales by Business (Billion yen) /Percentage of Sales



Net Sales by Region (Billion yen) /Percentage of Sales



Sales Target toward FY2021



Operating Income* Target toward FY2021

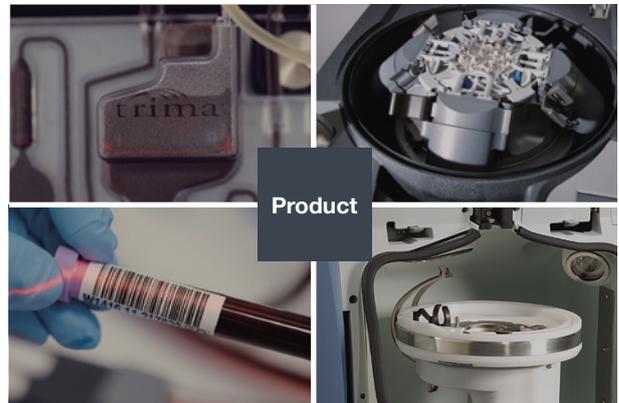


Assumed foreign exchanges rate: USD=105 JPY, EUR=115 JPY

* Adjusted operating income excluded amortization of intangible assets derived from acquisitions, one-time acquisition expense, impairment, gain and loss from sales of stocks and others (IFRS)

New Clinical Horizons

We are evolving our focus to include disease states and medical specialties in oncology, autoimmune diseases, hematology and regenerative medicine. This shift will enable our customers to bring even more benefits to patients' lives, which is how Terumo BCT will positively impact healthcare.



Bringing New Innovations to Customers

As a market leader, Terumo BCT has a proven history of introducing many firsts to the industry. In 2017, we will continue that legacy by bringing new products and innovations to both current and potential customers.

We achieve this focus on innovation by closely collaborating with our customers, associates and Terumo

Corporation counterparts to understand where the market is going and the opportunities that creates. By leveraging our six R&D locations throughout the world, we take full advantage of the 24-hour clock every day. This collaboration on a global scale enables us to continuously bring new innovations to our customers.

Addressing Customer Needs

Businesses	Customer Needs	How We Will Address Those Needs
Blood Centers 	<ul style="list-style-type: none"> • Improving global blood safety • Enhancing operations and the blood donation experience • Becoming more responsive to changes in transfusion practices 	<ul style="list-style-type: none"> • Helping more customers and their patients benefit from pathogen reduced blood • Introducing the next-generation of the market-leading technology for apheresis blood collections • Delivering higher economic and clinical value with strategic supply chain solutions
Therapeutic Apheresis and Cell Collections 	<ul style="list-style-type: none"> • Realizing faster results for autoimmune diseases • Collecting consistent and pure cell products for immunotherapy • Helping patients get access to treatment options 	<ul style="list-style-type: none"> • Driving the use of apheresis therapies for rare diseases • Optimizing cell collections for the rapidly growing field of immunotherapy • Supporting reimbursement efforts and outcomes research* <small>* Research to analyze the relationship between the particular healthcare practices and outcomes such as clinical and economic aspects</small>
Cell Processing 	<ul style="list-style-type: none"> • Providing better options for medical conditions that are difficult to treat • Scaling the production of cell manufacturing • Improving the healing process for patients 	<ul style="list-style-type: none"> • Collaborating with leading-edge researchers to develop next-generation treatments • Automating and enhancing the cell manufacturing process • Increasing physicians' access to point-of-care, cell-based therapies

Better Serving Our Customers and Shareholders

For each one of our businesses, we have tremendous growth opportunities. In addition to meeting those specific customer needs, Terumo BCT will remain vigilant on the principles that enable us to deliver on that potential by focusing on the following items:

- Aligning our products and services to better meet customer needs
- Optimizing our manufacturing investment
- Delivering continuous improvements to create quality that delights our customers



Focus: Growth Strategy in Emerging Countries

Aiming to Enhance Our Presence in India with Our Contribution to the Spread of High-quality Healthcare

With its increasing population and growing economy, India is also expected to see rising demand for healthcare. In response, the country is building its medical infrastructure and expanding its medical services offerings at a fast pace. By reaching greater numbers of patients with our high-quality products and services that meet the changing needs of the Indian market, the Terumo Group aims to help spread high-quality healthcare while also enhancing our presence.

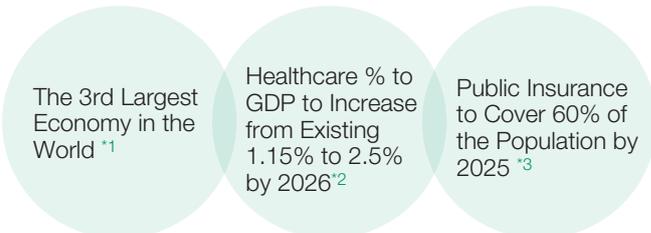
Demand for High-quality Healthcare is Growing As the Population Increases and Middle Class Expands

With a total population of around 1.3 billion, India is currently the second most populous country in the world and is expected to surpass China as number one in the years to come. This increasing population and growing economy are giving way to an expansion of the middle class, while higher standards of living are also leading to more lifestyle-related illnesses such as heart disease. Consequently, demand for high-quality healthcare is on the rise and large private hospitals have been coming up mostly in urban areas to serve increasingly more citizens, providing high-quality healthcare with state-of-the-art medical equipment, and doctors who are trained internationally. Since these hospitals offer sophisticated healthcare at lower prices than in most countries, India also has seen a rising tide of medical visitors coming from places such as Africa, the Middle East, and Eastern Europe in order to receive treatment. However, the overall numbers of doctors, nurses, paramedics and beds remain low in contrast to the overall population. Medical workers and facilities are in particularly short supply in rural areas. The government

is moving at a rapid pace to improve the situation, working to support new hospitals and secure more doctors, among other such measures. As the medical infrastructure advances, the market for medical devices is expected to grow at an average annual rate of 9% or more over the next 10 years, reaching a projected value of one trillion yen by the year 2025.*

* Estimated by Terumo

India in the Next 10 Years



Source:

^{*1} The World in 2026 – *The Economist*

^{*2} National Health Policy 2017; Ministry of Health & Family Welfare; Government of India

^{*3} Aarogya Bharat – India Healthcare Roadmap for 2025

Our Growth in India

The Terumo Group opened its Chennai Branch in 1997, and launched sales operations in India with a focus on products in the cardiovascular field such as angiographic catheters and guidewires. In 1999 we partnered with Indian company Penpol to establish Terumo Penpol Private Ltd., a joint venture* that would serve as our overseas production site for blood bags. Terumo Penpol began sending shipments of blood bags to locations in India and other countries. We then established Terumo India Private Ltd. (TIPL) near Delhi in 2013, in order to put in place a more locally-oriented system for sales and marketing, and accelerate our growth. At the same time, we also set up a warehouse in Chennai and worked on expanding our distribution system. TIPL sells products for vascular intervention including access devices, as well as oxygenators,

syringe pumps, infusion pumps, and products for pharmaceutical companies such as prefillable syringes and needles. Its guidewires, introducer sheaths, and oxygenators own a particularly high share of the market. Furthermore, TIPL is making efforts to contribute to solving the health-care challenges in India, such as the shortage of medical staff, by offering training opportunities for interventionalists and perfusionists. Sales in India for the Terumo Group are currently around 5.3 billion yen (in FY2016). This is not commensurate with the market opportunity just yet, but with a forecast growth rate higher than other emerging countries, India is positioned as a focus market along with China in our Mid- to Long-term Growth Strategy.

* Currently a wholly owned subsidiary of Terumo Group



Providing training opportunities in vascular intervention procedure for physicians

Terumo Group Sales and Production Sites in India



Terumo India Private Ltd.



Terumo Penpol Private Ltd.



voice

We will achieve sustainable, profitable and socially meaningful growth with the combined strength of our outstanding associates, and our pursuit of high-quality operations.

Sales at Terumo India Private Ltd. (TIPL) have continued to grow by about 30% per year since our founding in 2013, topping 3 billion yen in FY2016. Our core strategy at TIPL focuses on the four elements of “growth,” “efficiency,” “outstanding people,” and “a corporate culture that embraces challenges.” As India undergoes changes including the expansion of its middle class, the market for medical devices is also expected to show high growth rates. We are enhancing our operations in order to make the most of this opportunity and accelerate our growth in India. Our sales and marketing activities had previously been focused on major hospitals in large cities, but we will now be expanding our coverage to reach more hospitals and communities. We also want to comprehensively promote the value of the outstanding products and services that Terumo has

to offer that cater to the needs of India, and get high-quality healthcare to a greater number of people. In addition to our guidewires, introducer sheaths, and oxygenators, which already have a strong presence, we are also focusing efforts on business areas that promise high growth and profitability, such as BtoB business for pharmaceutical companies. With these efforts, we will achieve business growth that is sustainable, profitable and socially meaningful.

Probir Das
Executive Officer
Managing Director,
Terumo India Private Ltd.



R&D and Intellectual Property



Looking to the future of healthcare, we will strengthen internal development capabilities by drawing on our own core technologies and promoting external collaboration. With these efforts, we will aim to develop solutions of value to medical settings, which will contribute to solving medical challenges with significant social impact.

Basic Concepts

The Terumo Group's research and development activities fall largely into two categories. The first is corporate R&D, where mid- to long-term research and development work is performed. With a future horizon of 10 years, corporate R&D aims to create the new businesses and technologies that will support future growth for the Terumo Group. Those working on corporate R&D projects coordinate with stakeholders such as medical professionals and pursue their work with actual needs in clinical fields in mind. They also endeavor to strengthen the Group's core technologies and develop new technologies.

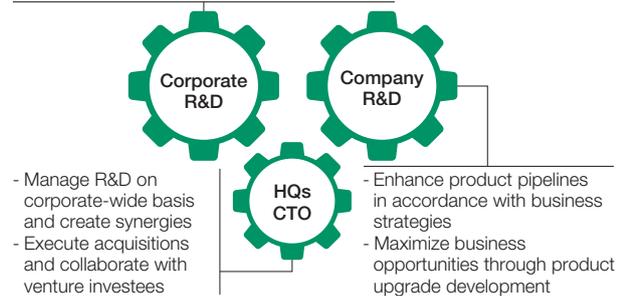
The second category of Terumo Group research and development activities is company R&D. Here, work focuses

on supporting the growth of core business segments by strengthening short- to mid-term product pipelines in accordance with the business strategy of the individual business segments.

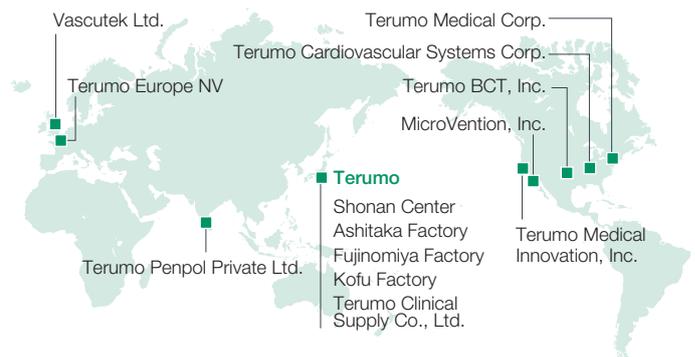
The Chief Technology Officer (CTO), who oversees R&D activities for the entire Group, concentrates on creating synergies by promoting cooperation across geographic, business and organizational boundaries. In promoting organic cooperation on a Group scale, even as associates in corporate and company R&D focus on their own activities, the CTO aims to continuously engender outstanding innovation in response to frontline medical needs.

Terumo Group R&D System

- Create new businesses and technologies to support growth 10 years into the future
- Advancement of innovation-oriented projects



Terumo Group R&D Sites (As of March 31, 2017)



Corporate R&D and Mid- to Long-term Strategy

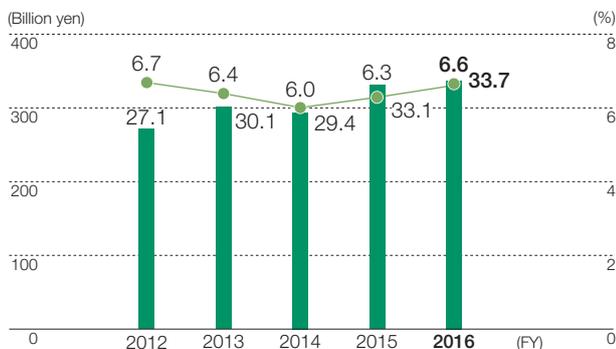
Corporate R&D focuses on creating innovations that will support the growth of the Terumo Group in the future. With the aging of society, chronic disease is becoming a major medical challenge with social impacts. Among the challenges posed, we will focus on areas in which Terumo's competitiveness can be leveraged and market growth is expected. Going forward,

we will seek to strengthen the Terumo Group's internal development capabilities, flexibly applying outside technologies to commercialize innovations. In the early stages of projects, we will research medical setting needs and collaborate with medical professionals to discuss and verify the usefulness of the solutions conceived.

R&D Achievements

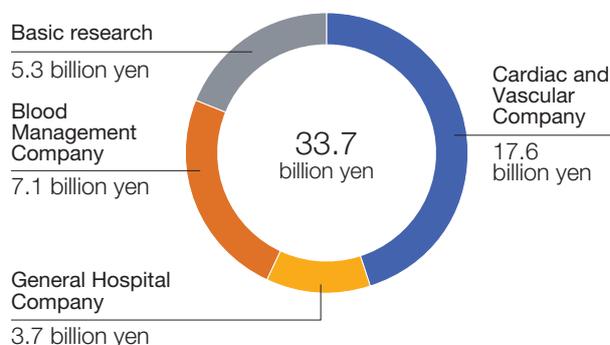
Fiscal 2016 R&D expenses totaled 33.7 billion yen, or about 6.6% of net sales. Of that total, the Cardiac and Vascular Company accounted for 17.6 billion yen; the General Hospital

R&D Expenses ■ / Percentage of Net Sales ●



Company, 3.7 billion yen; and the Blood Management Company, 7.1 billion yen. Basic research expense not allocable to any particular segment totaled 5.3 billion yen.

Fiscal 2016 R&D Expenses by Segment



Message from the CTO

Focusing on Strengthening Group-wide Cooperation Across Geographic, Business, and Organizational Boundaries to Create Synergies



Hiroaki Kasukawa

Executive Officer
Chief Technology Officer (CTO)
R&D Promotion Dept.
Terumo Medical Pranex

The CTO seeks to create synergies by promoting cross-organizational cooperation within Terumo Group R&D activities. In addition to strengthening internal development capabilities, the CTO strives to create new value by actively promoting the mutual application and integration of the human resources and technologies of companies that become part of the Terumo Group, through M&A and other means.

Since my appointment as CTO in fiscal 2015, I have led the CTO Leadership Team, composed of associates in charge of R&D at each Group company throughout the world, in strengthening and advancing information sharing and cross-organizational cooperation throughout the Group. CTO Leadership Meetings, held annually in Japan and overseas, serve as venues for advancing cross-organizational

collaboration by promoting cooperation on mid- to long-term R&D directions and new technology development, and by supporting a common awareness and visualization of internal technology assets.

The Global Technology Fair 2016 was held in April 2016 at the Shonan Center (Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture). This event succeeded in promoting a common understanding of R&D within the Terumo Group. It also used exhibits and presentations on Group company R&D pursuits to enhance communication across department boundaries, regardless of geographic location. Looking to the future, I will continue to strengthen cooperation to enable the Group to fully maximize its R&D capabilities.



The Global Technology Fair 2016

Basic Stance on Intellectual Property Management

The Terumo Group strives to create intellectual property that will help to strengthen our competitiveness. In doing so, we establish a priority for allocating resources, based on R&D and business strategies. Development directions are considered and intellectual property portfolios are built from a strategic perspective. In this perspective, development and intellectual property departments initiate development

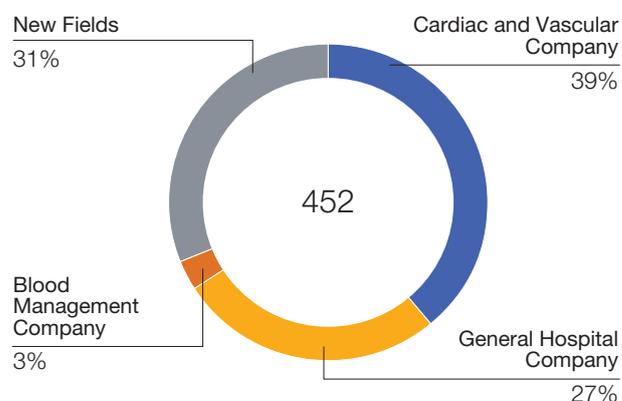
activities by collaborating in identifying other companies' patents and the characteristics of their products. As we expand our business operations globally, we are strengthening cooperation with overseas Group companies to further the effective application of the Group's intellectual property and taking steps to improve our management of intellectual property risk.

Patent Portfolio

Patent Applications (by Segment)*

In fiscal 2016, Terumo filed 452 patent applications (filed in the first country), with 69% related to existing businesses, and 31% related to new areas not associated with existing businesses. From these figures, it is evident that Terumo continues to enhance and improve existing products while also actively pursuing investments for future business expansion and new endeavors.

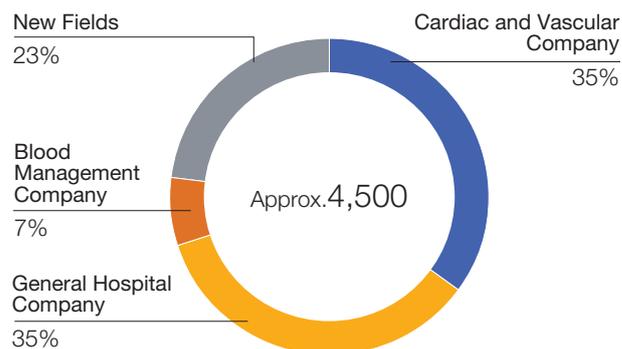
Fiscal 2016 Patent Applications (by Segment)*



Patent Holdings (by Segment)*

As of March 31, 2017, Terumo held approximately 4,500 patents issued in Japan and abroad. Patents related to existing businesses account for relatively high 77% of the total, with patents related to new areas making up the remaining 23%. Reflected here is the impact of Terumo's earnings cycle, in which technology for "Advanced" products is also applied in "Platform" products. Even as we develop inventions in new fields, we use what we newly create to contribute to the businesses that comprise our current operations.

Patents Held As of March 31, 2017 (by Segment)*



* Does not include patent applications or patents held by overseas subsidiaries.

Production and Supply



To strengthen total quality in our products, supply, and services, Terumo has built a supply chain capable of reliably and swiftly providing high-quality products to locations throughout the world.

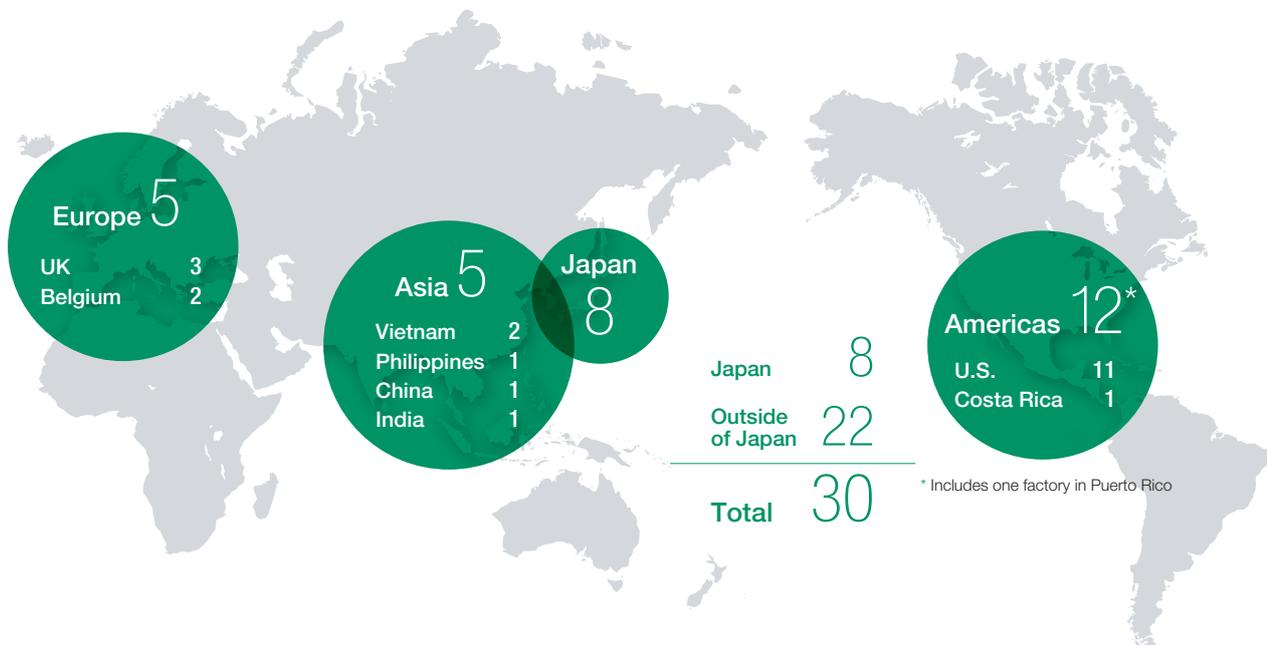
Basic Concepts

For a medical device manufacturer working to enhance total quality, building a supply chain that can reliably and swiftly provide high-quality products is a matter of the utmost importance. At Terumo, we have worked to build a supply chain capable of supporting our increasingly global business operations.

Under the Mid- to Long-term Growth Strategy for the coming five years, certain responsibilities will be assigned to individual factories based on the production strategies and operational and product characteristics of each of our three core business segments, as we strive to create globally optimized operations capable of flexibly responding to changes in business conditions and demand. At factories that have development functions (mainly factories located in Japan and the U.S.), development and production divisions collaborate to lower costs across all processes, from design to manufacturing, and achieve the timely supply of new products. Furthermore, they will hone advanced manufacturing technologies and transfer their accumulated

know-how to other factories. Factories located in Asia and other emerging countries, will work to strengthen their cost competitiveness as mass production sites focused on reliably supplying high-quality products. To enhance the manufacturing technologies and cost competitiveness of the entire Group, ongoing efforts will be focused on the following areas: examining possibilities for developing and applying robotics, AI, and other groundbreaking manufacturing technologies; capitalizing on and sharing among the Group strengths and expertise unique to individual factories; and strengthening the development of human resources that support our manufacturing capabilities. Regarding quality, one of Terumo's greatest strengths, Terumo Group quality divisions will work together under the leadership of the Chief Quality Officer (CQO) to continuously improve quality management throughout the Group by sharing information in areas including regulatory trends and know-how in specific countries.

Terumo Group Production Sites (As of March 31, 2017)



Quality Management

At Terumo, we strive to enhance product quality and achieve continuous improvement in quality systems and processes, to provide safety and peace of mind to medical settings. High product quality is one of the hallmarks of the Terumo Group, and we work to improve quality in every process from product design to manufacturing. We do this by identifying and acting on even the smallest matters that could improve safety and peace of mind, by concentrating on improving the quality and speed of individual processes and pursuing the 3Gs principle that places great importance on Genba (field/floor), Genbutsu (actual product), and Genjitsu (reality).

As we globalize our operations and expand our overseas production, we also focus on building a quality management system that meets the requirements of global standards and regulations. Since we established a quality management system in response to European medical device directives in 1995, we have been striving to blend

our international-standard system into an advanced quality assurance system based on the pharmaceutical GMP (Good Manufacturing Practice) standard. We are certified for ISO 13485, the international quality standard for medical devices and equipment, at all of its production sites in and outside of Japan. In 2015, we also introduced a quality management structure led by our CQO. Under this structure, associates responsible for quality divisions at each of our production sites communicate with one another to gather and share the latest information on standards and regulations in the countries where we do business. These associates also work to build an optimal quality management structure for the entire Group and achieve continuous improvement in our quality management structure. Through these efforts, we believe medical professionals around the world will trust us as a maker of high-quality products.

Supply Chain Management

The Terumo Group consists of three companies pursuing seven businesses under the business-led management. Each business differs from the others in terms of product offerings and headquarters location — Japan, the U.S., or Europe — and therefore has different supply chain requirements. Furthermore, expansion of our overseas sales and production has increased the complexity of our supply chain. Adapting to operational changes, the Terumo Group has worked to build a globally optimized supply chain capable of providing customers with the products they need, in the amounts they need, when they need them.

In fiscal 2014, with our shift to the current business-led management, we introduced the global Sales and Operation Planning, or S&OP, process for centrally formulating and implementing sales, production, and procurement plans based on mid- to long-term demand forecasts. Under this process, each company develops mid- to long-term demand forecasts based on the forecasts prepared by sales bases throughout the world. Factories then check their production and supply capacities against the

company-prepared demand forecasts, and top management at each company makes decisions on matters such as manufacturing operation adjustments and supplies to customers, while also considering impacts on profits. The S&OP process has made it possible to not only adjust supply in response to short-term demand changes but also take a mid- to long-term perspective in making decisions on matters such as investing in additional production capacity, optimizing manufacturing locations, and selecting customers, all of which can help to maximize earnings and improve capital efficiency. Going forward, we will add IT infrastructure to support greater precision in, and use of, demand forecasts, and develop human resources for the planning and operation of global supply chains. We will do so while concentrating on building and enhancing the operational capabilities of an optimized global supply chain — one that significantly adds to our competitiveness, while adapting to changes in the business environment and demand.

Environment, Health and Safety (EHS) Initiatives

For Terumo, reducing the environmental impact of its business activities and ensuring the safety and health of associates are critical issues for achieving sustainable growth and building social trust in Terumo as a good corporate citizen. Each of our sites respects environmental, health, and safety laws, regulations, and conventions, as required in the Terumo Global Environment, Health and Safety (EHS) Policy, the

basic EHS policy for the Group. In addition, they establish and work toward their own EHS targets for areas such as effective use of energy and resources, development of products and manufacturing processes that are safe and friendly to the environment, reduction of accident and disaster risks, promotion of human health, proper management of chemical substances, and protection of biodiversity.

Terumo's EHS management system is compliant with international environmental (ISO14001) and occupational health and safety (OHSAS18001) standards. Our principal factories in Japan (Fujinomiya, Kofu, and Ashitaka), overseas factories in Belgium and India, and head office (Environmental Management Department) have also had their compliance certified by third parties. Group EHS targets are shared with factories throughout the world, and performance data is collected, reviewed, and internally audited at the Group level. The Terumo Group will continue its efforts to continuously improve its EHS activities as it works to be trusted throughout the world.



EHS internal audit at a factory

Message from the CQO

Enhance Total Quality by Advancing Continuous Improvement in the Terumo Group's Hallmark Product Quality and Quality Systems



Toshiaki Takagi

Director and Managing Executive Officer
 Chief Quality Officer (CQO)
 Quality Assurance Dept.
 Post-Market Surveillance and Vigilance Dept.
 Environmental Management Dept.
 Production Dept., Procurement Dept.

Terumo began its overseas business expansion in the 1990s, starting with acquisitions and other initiatives; now 22 of the Terumo Group's 30 production sites are located outside of Japan. In recent years, countries across the globe have tightened quality assurance regulations for medical devices, necessitating the use of increasingly sophisticated quality systems by manufacturers. Regulatory authorities have also begun to conduct stricter inspections. Stably supplying products on a global basis, therefore, now requires that companies build and manage quality systems optimized for the standards and regulations of respective countries. In response to these conditions, Terumo adopted in July 2015 a quality management structure led by the CQO.

Overseeing quality divisions entire of the Group, the CQO advances initiatives encouraging the quality divisions of the three core business segments to share and thoroughly implement quality policies. The CQO also leads the advancement of a globally optimized quality assurance system, and the work to bring Gemba manufacturing, which support product quality, to higher levels of quality. The Quality Assurance Department at the headquarters supports the CQO. They strive to prevent quality issues by running rapid PDCA cycle which is gathering quality-related information from across the Group, quality risk analyzing, assessing, improving and sharing quality information. The CQO also regularly holds Global Quality Management Meetings, which are attended mainly by associates responsible for quality at individual production sites, to share information on quality issues, consider improvement approaches, and share understanding of regulations and standards in the respective countries. The purpose of these meetings is to promote continuous improvement in quality for the entire Group. These and other activities promote constant improvement in product quality and quality management systems, enhance total quality, and lead to higher levels of customer satisfaction.



Group company quality division managers discussing global quality issues

Training



By providing critical training opportunities for acquiring and improving medical skills, we promote the proper use of our products while contributing to greater safety and quality in medical care.

Basic Concepts

At Terumo, we believe that medical devices can be fully utilized only if they are used correctly. That is why we proactively create opportunities for medical professionals to learn how to use our products properly and perform procedures,

and why we continuously work to improve the quality and safety of medical care. In doing so, we gain information on medical settings and then apply what we learn to develop new products, and enhance and improve existing products.

Supporting Medical Institution Training to Enhance the Safety of Medical Care

To prevent accidents during the use of syringes, transfusion sets, and other medical devices, Terumo conducts T-PAS*¹ training at medical institutions.*² T-PAS emphasizes critical points in the use of individual devices and enables medical professionals to learn through hands-on training scenarios. The value of this program is illustrated by participant feedback, which indicates that T-PAS training provides a tangible sense of the situations that can lead to accidents, and demonstrates why the understanding of device use must be based on more than just assumptions or casual advice from others. The benefits of T-PAS training are often reported on by hospitals throughout Japan in yearly conferences on the quality, safety, and practice of medicine.



Supporting instruction in the correct usage of medical devices

*¹ T-PAS stands for Terumo Proactive Action for Safety. T-PAS training is based on Terumo's own assessments of accident prevention needs.

*² From fiscal 2009 through fiscal 2016, T-PAS training was conducted in approximately 1,350 venues, including regional training sessions, sales agent locations, and 1,100 medical institutions.

Comprehensive Training Facility "Terumo Medical Pranex™"

Terumo Medical Pranex was established to develop and spread the adoption of medical technologies. Using spaces that realistically simulate hospital facilities and private homes, Terumo Medical Pranex provides practical training for medical professionals and serves as a venue for collaborative product development. Visitors to Terumo Medical Pranex include medical professionals from inside and outside Japan, as well as foreign officials. Terumo Medical Pranex has hosted over 130,000 visitors since its opening in 2002.

Terumo Medical Pranex is equipped with catheterization

laboratories, where trainees can use models of delicate cerebral and cardiac blood vessels along with Terumo's original training tools to learn how to perform advanced interventional therapies. There are also operating rooms where medical professionals can receive training in cardiovascular surgery using an extracorporeal life support system, and how to operate heart-lung machines, which are critical to cardiac surgery.

With a simulated hospital environment including operating rooms, an intensive care unit (ICU), hospital ward, and

staff station, Terumo Medical Pranex offers a realistic environment for conducting a broad array of trainings for physicians, nurses, pharmacists, clinical technicians, and others. It has also developed unique training programs on the basics of proper and safe use of medical devices, and for expert trainers who can train other immature medical professionals.

* In light of the purpose for which it was established, Terumo Medical Pranex is not open to the general public.



Program for training intravenous injection trainers

Cardiovascular Intervention Training Program

Terumo develops training programs on vascular intervention using catheters, conducting them for both medical professionals and Terumo's associates.

Our programs for medical professionals include, for example, training in Transradial Intervention (TRI), a procedure in which a catheter is inserted into the radial artery at the wrist to reach a coronary artery, and on how to respond to problems that develop during intervention. For our associates, programs include content on training trainers for supporting medical professionals.

Through these and other programs, we help medical professionals acquire and improve therapy skills and contribute to improvements in the quality and safety of interventions.



Training for medical professionals how to deal with problems that could occur during cardiovascular intervention

Topics

“Kids Medical School” Event Held for the First Time at Terumo Medical Pranex

As one of our activities to get shareholders more understanding of Terumo and its business activities, we have been conducting annual shareholder tours of Terumo Medical Pranex since 2012. In March 2017, we supplemented the shareholder tour with the first-time “Kids Medical School,” an event held for the elementary- (middle grades and higher) and junior-high-school-age children of shareholders. The purpose of this event was to encourage children to take an interest in medicine by allowing them to participate in a simulated intervention in our training facility. Twenty pairs of shareholders and their children, 40 people in all, participated in “Kids Medical School.” Living up to our corporate mission “Contributing to Society through Healthcare” we

are committed to using activities such as the “Kids Medical School” to communicate the preciousness of life and the value of pursuing a career in medical care.



Children participating in mock medical procedures (left: intravenous injection; right: vascular intervention)

Message from the Chairman of the Board



Sound Management and a Diverse Workforce Supporting Sustainable Growth

Takayoshi Mimura
Chairman of the Board

Consistent with our corporate mission of “Contributing to Society through Healthcare,” we strive to meet stakeholder expectations by maintaining growth and increasing our corporate value over the long term. Toward that end, we are strengthening our corporate governance toward sounder management. We are also working to create comfortable work environments and foster an open corporate culture where a diverse workforce can maximize its capabilities.

Strengthening the Corporate Governance System to Enhance Management Soundness

To practically implement its corporate mission, Terumo established its Five Statements — on open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship — for associates to use as standards for their actions and decisions. Our corporate mission and the Five Statements have served as touchstones in our ongoing efforts to enhance our corporate governance toward swift decision-making, while maintaining transparency and objectivity in management.

In June 2015, we adopted the organizational design of a “Company with an Audit/Supervisory Committee,” as defined under Japanese law. We did this to strengthen the audit and supervisory functions, enhance management transparency and objectivity by increasing the proportion of independent directors on the board, and expedite the decision-making process by promoting the delegation of the Board’s authority. Furthermore, in October 2015, we

formulated the Terumo Corporate Governance Guideline to practically strengthen our corporate governance system and enhance the management soundness needed to increase corporate value over the long term.

The number of Terumo consolidated subsidiaries is rising through acquisitions and other business activities outside of Japan, and stood at 96 as of March 31, 2017. Given these circumstances, we focus significant time and effort on strengthening governance systems for the entire Group. While operational management occurs at the individual company level, functional management is led by CXOs who oversee the implementation of global governance policies, to strengthen both operational and functional aspects of our business. In addition, Terumo’s President and CEO, Shinjiro Sato, and other members of management, including myself, visit Terumo Group business locations and hold global meetings to instill Terumo’s corporate culture and policies, so that all associates can clearly understand and apply them.

Enhancing the Effectiveness of the Board of Directors

In April 2017, we began to implement our Mid- to Long-term Growth Strategy under a new management team. My mission as Chairman of the Board is to support the new President, Shinjiro Sato, and the achievement of growth strategies, while also using my position as Chairman to enhance the effectiveness of the Board of Directors.

At present, there are 11 board members, four of whom (including directors who are members of the Audit/Supervisory Committee) are independent directors. In nominating independent directors, we try to select individuals who, with their unique backgrounds and expertise, can contribute to the diversity of the board. In meetings of the Board, our independent directors contribute forthright opinions from diverse perspectives reflecting their experience and expertise. In deliberations to establish our Mid- to Long-term Growth Strategy, independent directors, on matters such as acceptability to internal and external stakeholders, expressed objective, candid, and often very critical opinions in a vigorous debate that I believe contributed significantly to the final strategy.

To objectively evaluate our Board of Directors and further improve its effectiveness and functionality, we had the members of the Board of Directors individually complete a survey on the Board's effectiveness.* The results of these surveys indicated that the Board of Directors appropriately performs its monitoring and oversight functions, and is effective in its operations.

From survey results, however, it was also learned that all Board members believe that the challenge of achieving further growth in the global market requires ongoing discussion of matters including critical long-term strategies and what the Board should be doing to contribute to achieve further growth. Going forward, the Board will consider specific ways to address these concerns and discuss, and implement as appropriate, steps to enhance Board effectiveness and functionality.

* Tallying and analysis of survey responses were performed by a third-party institution.

Making the Most of a Diverse Workforce to Drive Growth

To continuously grow its corporate value, Terumo strives to create comfortable work environments and foster an open corporate culture that enables each associate to maximize their capabilities. With our business becoming increasingly global in scale, we make it a point to respect and accept individuals regardless of race or nationality, gender, religion, physical handicap, or other differences, and we believe that the free flow of ideas and knowledge leads to the creation of valuable innovations. We are committed to creating a culture and environment that enable a diverse workforce to achieve its best results.

As a company involved in the healthcare industry, we take steps to protect the health of our associates, and our top management takes the lead in implementing "Kenko Keiei" (health and productivity management) to encourage each individual associate to be keenly aware of their health. That we have been picked for three consecutive years for inclusion in the Health & Productivity Stock Selection, established by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in fiscal 2014, shows that our efforts for the health of our associates are appreciated by society.

As the Chairman of the Board, I will strive to increase our corporate value by supporting the achievement of the Mid- to Long-term Growth Strategy and by promoting the strengthening our corporate governance, the creation of a corporate culture and environment that enable our diverse workforce to achieve its best results, and the pursuit of other initiatives that bolster our foundation supporting sustainable growth. As we press ahead, I look forward to the ongoing understanding and support of our stakeholders.

Topics

Making the Most of the Abilities of a Diverse Workforce to Drive Growth

With “Respect for Our Associates” as one of its Five Statements, Terumo views individual associates and the creation of innovation as precious assets underpinning company growth. We, therefore, continually strive to foster a rewarding corporate culture, and create environments and systems where associates can exercise their capabilities to the fullest, regardless of race, nationality, gender, or other distinctions often used to divide.

Terumo Patient’s Day Project – Helping Associates Reconnect with Our Mission

Reminding All Group Associates of Our Corporate Mission through Terumo Patient’s Day

At the root of each associate’s ability to work with a sense of purpose is our corporate mission — “Contributing to society through healthcare”. The Terumo Patient’s Day project is an opportunity to remind ourselves of that mission and gain motivation from the shared awareness that our efforts are ultimately for the benefit of patients and the advancement of medical care. As part of the project, we hold Terumo Patient’s Day in countries throughout the world to give associates an opportunity to connect their work with medical care by seeing medical settings and listening to patients’ stories.



Terumo Patient’s Day held in Japan

Kenko Keiei (Health and Productivity Management)

Providing Health and Productivity Management Information for Associates and Their Families

As a manufacturer of medical devices, Terumo is keenly aware of the importance of protecting the health of its associates. Our top management takes the lead in raising the health awareness of associates by advancing “Kenko Keiei,” a management approach that treats employee health as a business management priority. In Japan, we promote various initiatives including emphasizing prevention, early detection, and early treatment by providing health checkup opportunities and financial support; holding health management seminars and events; and providing individualized health management guidance. We also provide health management information and opportunities for associates and their families, and encourage both to utilize them. In April 2016, we implemented a requirement that associates undergo examinations for the most prevalent types of cancer, instituted company coverage of the costs of those tests, and banned smoking throughout company premises. In November, we distributed urine test strips to approximately 5,300 associates who requested them in response to awareness efforts regarding the fact that diabetes often goes undiagnosed.

In January 2017, we also introduced a system to help full-time and contract associates diagnosed with cancer to remain on the job as they receive treatment. At Terumo, we believe that the health of associates directly contributes to the ongoing growth of our company, and we will continue to take steps to create working environments that promote good health.

Moreover, our efforts to further the idea that employee health should be a top management priority extend beyond our own company. Terumo currently serves as director of the KENKO Kigyo Kai, an organization that is dedicated to this idea and now has a membership of over 60 companies.



Urine test strips and information on the dangers of undiagnosed diabetes distributed to associates

Promoting Diversity

Advancing Opportunities for Women and Taking Other Steps to Promote Diversity as a Company that Creates New Value

The Terumo Group respects individuals and promotes understanding among different cultures. The Terumo Group does not discriminate based on race, nationality, sex, religion, physical disability, or any other basis that would violate human rights. We believe that a diverse workforce drives business growth. We respect that different people live by different values, and we strive to be a company that creates new value through a free and open mixing of ideas and knowledge, based on the mutual acceptance of differences. Under the leadership of the Diversity Promotion Department, we undertake Group-wide initiatives that, from various perspectives, encourage our associates to make the most of their individual strengths and further expand their awareness.



Seminar for associates returning to work from an extended leave

Career Advancement Support for Women

Terumo's top management is committed to supporting career advancement for women as an initial step in promoting mutual acceptance of differing values, which it sees as essential for business growth. For women who want to develop their careers, Terumo provides opportunities to plan long-term career paths, and allows flexibility in work arrangements. For example, to help female associates broaden their perspectives and see themselves in leadership roles, we have established a mentoring system where more experienced female associates provide advice as role models. For associates wanting to return to work after childbirth, we offer Career Resumption Support Seminars that allow participants to discuss plans for developing careers while meeting parental responsibilities. Recognizing that sound management requires an environment in which decisions are made with input from diverse perspectives, we have set the goal of increasing the number of female managers at Terumo Group companies in Japan to 65 by April 2018.

To create the conditions and awareness necessary for women to play a greater role at Terumo, we strive to provide all associates, regardless of gender, with opportunities to consider their personal values and career plans, and we endeavor to create working environments in which associates from diverse backgrounds accept one another and work together harmoniously.

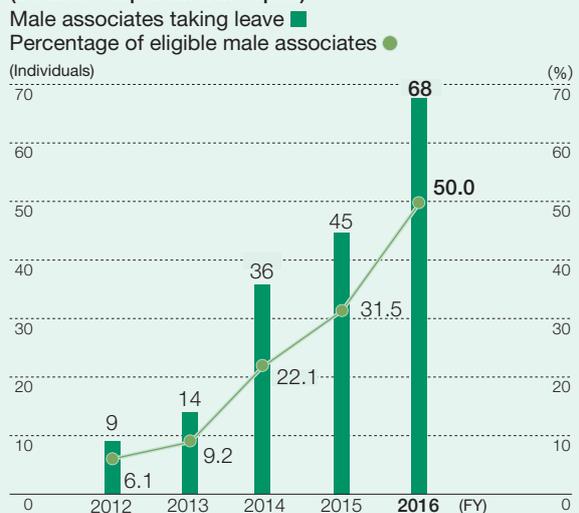
Work-life Balance

Promoting a Healthy Work-life Balance

To enable associates to work with enthusiasm and fully exercise their capabilities, Terumo strives to increase flexibility regarding when and where work can be performed, so that associates can balance their work and private lives in ways that suit them. By implementing and facilitating the use of flexible work arrangements and systems that adjust to the birth of a child, needs to care for family members, and other life events, we help associates meet both their professional and family responsibilities.

In addition, we carefully manage daily work hours to promote work efficiency, and have established "no-overtime" days in Japan. As an additional measure for creating work environments in which associates clearly separate work from time off, we designate certain days as company holidays and actively encourage associates to take their paid leave.

Male Associates Taking Child-care Leave (Terumo Corporation in Japan)



For more information, please refer to the Sustainability Report. <http://www.terumo.com/csr/>

Corporate Governance

The Terumo Corporate Governance Guideline has been formulated, so that we can continue to be a company trusted by society.

General Provisions

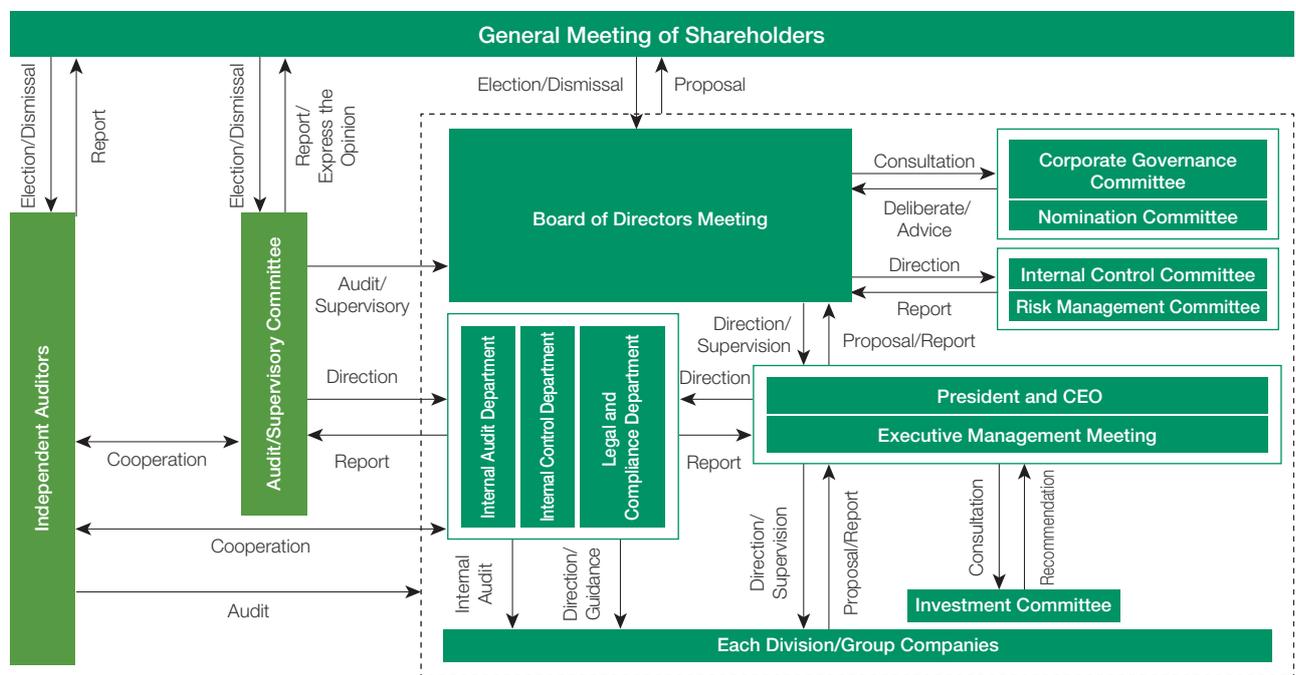
Basic Stance on the Corporate Governance

- Terumo’s corporate mission is “Contributing to Society through Healthcare.” Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners and communities.
- To embody its corporate mission, Terumo articulated Five Statements, i.e. open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo has established this Guideline for Corporate

Governance. It is intended to promote timely decision-making while maintaining transparency and objectivity in management.

- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by Corporate Governance Code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of “a highly motivating and challenging workplace with open and candid communication,” because Terumo believes a culture of this nature is essential to effective corporate governance.

Corporate Governance Structure



(Note) - Audit/Supervisory Committee members are directors, and have voting rights in the BOD meeting. The majority of Audit/Supervisory Committee is constituted by independent directors.
 - Audit/Supervisory Committee serves for the function of auditing and supervising the directors and the BOD.

Corporate Governance Structure

Organizational Design

Terumo adopted the organizational design of a “Company with an Audit/Supervisory Committee” to achieve the following initiatives, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value.

(1) Strengthen audit and supervisory functions

The members of the Audit/Supervisory Committee shall have voting rights in the meetings of the Board of Directors.

(2) Enhance transparency and objectivity in management

By increasing the proportion of independent directors on the Board, transparency and objectivity in decision-making will be enhanced at the Board level reflecting opinions of the independent directors which representing the perspective of shareholders and other stakeholders.

(3) Expedite decision-making process

By promoting the appropriate delegation of the Board’s authority by way of the executive officer system, Terumo will further expedite its decision-making process and business development.

Board of Directors

Roles

- The Board shall strive for optimal decision-making of basic management policies with the goal of maximizing corporate value.
- To expedite decision-making processes, the Board may delegate certain duties or responsibilities which are executed based on basic management policies decided at the Board to directors and/or executive officers. The Board shall monitor the execution of any such duties or responsibilities so delegated.
- The Board shall oversee the nomination process of the President’s successor as one of its important obligations for maintaining and improving corporate governance and sound management.

Members

- The Board shall consist of no more than 15 persons, excluding the Audit/Supervisory Committee Members.

- Terumo shall strive to have independent directors account for approximately twenty percent (20%) or more of the Board membership.
- Considering that, from the standpoint of corporate governance, the execution of business operations and supervisory oversight should be separated, the Chairman shall serve as the chair, in principle; provided, however, that if no Chairman has been appointed, the Nomination Committee shall propose a candidate for chair, considering the actual situation of possible candidates based on the above standpoint and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.

Audit/Supervisory Committee

Roles

The Audit/Supervisory Committee shall audit and supervise the execution of duties by Directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. To fulfill its audit and supervisory duties, the Audit/Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit and Legal and Compliance Departments. Such activities of the Committee shall include any of the following:

- Attend, provide objective and fair opinions and exercise voting rights at Board of Directors meetings.
- Attend and provide objective and fair opinions at other important Terumo Group meetings.
- Prepare audit reports.
- Establish and revise audit policies, methods for investigating and reviewing the Company’s operations and assets, and other matters related to exercising the authority of the Audit/Supervisory Committee.

Members

- The Audit/Supervisory Committee shall consist of no more than five (5) directors.
- Terumo shall have independent directors represent a majority of Committee membership.
- The member of the Audit/Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

Corporate Governance Committee

Roles

The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss the matters listed below and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices.

- (a) Basic matters concerning Corporate Governance.
- (b) Important matters concerning the establishment, design and operation of the Corporate Governance system.
- (c) Matters concerning the selection and dismissal of directors and executive officers.
- (d) Matters concerning the compensation structure for directors and executive officers.
- (e) Other matters which the Board of Directors requests the Committee to consider, or matters the Committee deems necessary to carry out the purposes of the Committee.

The deliberations of the Committee shall be reported to the Board of Directors as appropriate. In this regard, however, those matters related to the Audit/Supervisory Committee in (c) and (d) above shall not violate the provisions of Articles 344-2 and 361 of the Companies Act. With regard to matters concerning successors to the President and Chairman, the Nomination Committee shall conduct deliberations.

Members

- The Committee shall consist of a maximum of six (6) directors selected by the Board of Directors from among the directors.
- Terumo shall have independent directors account for at least half of the Members of the Committee.
- At least one of the Representative Directors shall be a member of the Committee.
- The member of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee. However, if the chair is unable to act, one of other independent directors elected by a majority vote of the Committee members shall act in the chair's place.

Nomination Committee

Roles

The Nomination Committee shall deliberate on the matters concerning successors to the President and Chairman of Terumo Corporation. This is one of the most important corporate governance duties for the Board.

Members

- The Committee shall be comprised of members of the Board selected by the Board.
- Independent directors (at least three (3) but not more than five (5) independent directors) shall account for a majority of the members of the Committee.
- The Chair shall be elected from among the independent directors by a two-thirds majority vote of the Committee members.

Internal Control Committee

Roles

The Internal Control Committee shall design and operate the Terumo Group's internal control systems in accordance with the Company's "Internal Control System Design Basic Policy."

Members

- The Committee shall be comprised of Terumo Corporation's Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels Chairpersons, Internal Control Department Managers, and external legal counsels.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The Chair shall be the President and Representative Director.

Risk Management Committee

Roles

The Risk Management Committee shall design and operate the Terumo Group's risk management system based on risk identification, assessment, analysis and prioritization across the entire organization.

Members

- The Committee shall be comprised of executive officers ranked Managing Executive Officer or above, Internal Control Department Managers, and designated person from the chair.
- Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.
- The Chair shall be the President and Representative Director.

Selection of Directors

Policy

Candidates for directors shall be selected according to the internal regulations, which stipulate the eligibility criteria, including “a candidate shall have the management judgment capacities and management oversight capacities from stakeholders’ standpoint.”

One of such internal regulations stipulate that independent directors shall be selected from persons with extensive experience in management, international business, the practice of medicine or other specific areas of expertise. The regulations also require the consideration of the diversity of independent directors, including, to the extent possible, their backgrounds, expertise, gender and others as appropriate. With regard to independent directors who serve as Audit/Supervisory Committee members, the regulations stipulate that independent directors should ideally be selected from persons who play leading roles in the fields of law or accounting with at least one candidate coming from each such field.

Procedure

The Corporate Governance Committee shall discuss and propose potential candidates for directors and propose appropriate candidates to the Board of Directors. This process is intended to eliminate arbitrariness and to ensure the sound selection of candidates.

In order to assist shareholders in the exercise of voting rights of shareholders by allowing them to better understand the candidates, each candidate shall be required to state their aspirations prior to the election in the General Meeting of Shareholders.

Independent directors shall be subject to the requirements of the Director Independence Standards. The Corporate Governance Committee shall discuss and propose the Director Independence Standards for review and approval by resolution of the Board of Directors.

Each director shall concurrently hold officer positions (director, auditor, etc.) with no more than three other listed companies as a condition to serving as a director of Terumo Corporation.

The reasons for selection and positions concurrently held by each candidate for director shall be disclosed in the Corporate Governance Report, Reference Materials for the General Meeting of Shareholders or other documents as appropriate.

Executive Compensation

Policy and Framework

To provide appropriate motivation to enhance mid-to long-term corporate value, the compensation for executive directors and executive officers shall be determined focusing on “(a) appropriate risk-taking by the management” and “(b) sharing awareness on profits with shareholders.”

To achieve the objective described in paragraph (a) above, an appropriate balance between fixed compensation and performance-linked compensation (bonus) shall be set.

In order to achieve the objective described in paragraph (b) above, the compensation-type stock options have been established.

Compensation of other non-executive directors shall be composed only of fixed compensation.

Target Proportions

Compensation for executive directors shall consist of fixed compensation, bonuses and stock options, the target percentages of which shall be 50%, 30% and 20% of total combined compensation, respectively.

The Corporate Governance Committee shall review the standard amount of compensation and related target percentages of each compensation component in light of relevant information obtained from outside research organizations that review data from comparable companies. This process is intended to secure transparency and objectivity in the establishment of compensation for executive directors.

Decision Procedure

- Fixed compensation: Within the compensation limit approved at the General Meeting of Shareholders, compensation for directors, excluding the Audit/Supervisory Committee members, shall be decided by resolution of the Board of Directors, and compensation for Audit/Supervisory Committee members shall be decided by deliberation among Audit/Supervisory Committee members.
- Bonuses: Within the aforementioned compensation limit, bonuses shall be determined by resolution of the Board of Directors in light of relevant factors, including company-wide performance as indicated by sales, operating profit and operating margin, and an evaluation of the performance of each director’s business operation.
- Stock options: Within the aforementioned compensation limit, the compensation-type stock options shall be awarded by resolution of the Board of Directors.

Training Policy

Terumo Corporation shall provide each director with opportunities to obtain relevant training such that each may fully assume their duties and acquire the knowledge required for fulfilling their roles, legal obligations and duties as a director.

Internal Directors

At the time of election, briefings by the head of the legal division shall be arranged to provide each director with the requisite knowledge of his or her obligations as a director. Opportunities for external training may also be recommended and provided if appropriate to assist the director with acquiring the requisite knowledge. After the election, relevant books and opportunities for participation in external training sessions shall be arranged as necessary to afford each director the opportunity to update his or her knowledge necessary for his or her service as a director.

Independent Directors

Briefings shall be arranged to afford each independent director the opportunity to obtain the information about Terumo's business, organization and operations necessary to fulfill his or her duties as a director. External training sessions and other information shall be made available if additional knowledge is required or updating is necessary.

Board Evaluation

For the purpose of further improving effectiveness of the board, the Board of Directors shall conduct the self-evaluation of board effectiveness every year by survey sheets and other means with the involvement of outside experts and disclose a summary of the results.

The Terumo Corporate Governance Guideline is posted on the Company's website.
<http://www.terumo.com/about/governance.html>

Message from an Independent Director

In Support of Open Management Contributing an Independent Perspective



Ikuo Mori

Corporate Governance Committee
Chair of the Committee
Independent Director

Given the rapid pace of globalization, particularly over the past 10 years, Terumo must navigate management issues that are significantly more varied and complex than in the past. As one of the first Japanese companies to take steps such as including multiple independent directors on its board to deal with changing business conditions, Terumo appreciates the importance of corporate governance. Terumo has created a corporate governance system that emphasizes effectiveness. This is evident from the open, objective deliberations that occur, for example, in the Nomination Committee (established in 2015), where independent directors comprise a majority and successors to the president and chairman of Terumo Corporation are deliberated, and in the Corporate Governance Committee (established in 2012), where other important governance matters are discussed. The Audit/Supervisory Committee (one internal member, two independent members) provides another example of Terumo's emphasis on effectiveness in governance, where it maintains close contact and shares information with other parties inside and outside the Company, and can swiftly seek a management response to an emerging problem.

For speedy decision-making throughout its global

operations, Terumo has delegated authority to executive officers and others to handle operational matters up to a certain scale. This allows the Board of Directors to focus on decision-making for the most important operational matters and to devote the bulk of its energy to activities such as deliberating future directions for the Group and overseeing business operations.

But even with multiple independent directors, their presence would be meaningless if management were not willing to listen to them. With open management among its Five Statements for achieving the corporate mission, meetings of the Terumo Board of Directors are characterized by an open atmosphere in which matters are freely discussed. Independent directors, drawing on their individual expertise in corporate management, and as a doctor, lawyer, and accountant express straightforward, candid opinions from perspectives that are sharply distinguished from those of internal directors. In my own case, I use my experience as a former president and CEO, and chairman and CEO, of an automobile manufacturer, where I also held responsibility for overseas operations, to actively contribute my opinions on important points for Terumo's sustainable global growth.

Achieving sustainable growth in the rapidly changing medical device industry requires the continuous pursuit of improvement one more reason for the importance of continuously enhancing the Board's deliberations of long-term strategy and other key matters. As an independent director, I am committed to improving Board effectiveness by actively contributing to proper decision-making, and to sparing no effort in mustering the capabilities of all of the Board members toward achieving the corporate mission of "Contributing to Society through Healthcare."

Compliance

Compliance System

At Terumo, the Internal Control Committee, which is responsible for enacting the Internal Control System within the Terumo Group in accordance with the “Internal Control System Design Basic Policy” approved by the Board of Directors, shall deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit/Supervisory Committee. The Chief Legal Officer (CLO) shall be the primary entity implementing the compliance system across the Terumo Group, and under the leadership of the CLO, the compliance officers of the Terumo Group companies who are in charge of promoting compliance related activities, promote a variety of measures including creating related rules, performing training and education, and monitoring to quickly discover and ascertain compliance issues. In the event that any significant compliance violations, etc. occur, a handling team shall be immediately organized under the direction of the chairperson of the Internal Control Committee, and that team shall, in addition to handling and resolving the occurrence, report and make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures.

Compliance with the Code of Conduct for the Terumo Group

Terumo’s corporate mission, “Contributing to Society through Healthcare,” is the goal not only of the company but of all associates who work for Terumo. We will continue to conduct honest and fair business practices based on strict legal compliance and corporate ethics in order to maintain our position as an ethical healthcare company.

To go further toward meeting these social expectations, we established the “Code of Conduct for the Terumo Group” in April 2008 to set standards for the conduct of daily business activities for the entire group, including overseas entities. In accordance with this Code, we are striving throughout the Terumo Group to base our actions on social ethics, as well as on compliance with relevant laws and regulations.

The Code of Conduct of the Terumo Group states that “Each Associate must conduct business activities honestly, act in a manner that demonstrates responsibility for environmental conservation and seek to become a model citizen within the corporate group.” We carry out training on the Code of Conduct tailored to each site and encourage associates to recognize the importance of corporate ethics. As a global company, we also clearly state and promote the need

to respect human rights and eliminate discrimination in our Code of Conduct.

For more information on the Code of Conduct of the Terumo Group, please refer to the following web page.
<http://www.terumo.com/about/compliance.html>

Appropriate Relationships with Public Officials

All Terumo associates observe the “Code of Conduct of the Terumo Group” and the “Terumo Global Anti-Corruption and Anti-Bribery Policy” in all dealings with public institutions, related officials and the employees of public medical institutions. These codes aim to ensure that all business is conducted in a transparent, fair, and honest manner. Full compliance is expected under Japan’s Unfair Competition Prevention Act, the US Foreign Corrupt Practices Act, and other anti-bribery laws within the countries and regions where the Terumo Group operates.

Prohibition of Collusion and Cartels

In recent years, the anti-competitive practices such as collusion, action as a cartel, or other kinds of violations of competition laws have been uncovered and subjected to strict punishment. To help ensure that it does not contribute to such activities, Terumo established the “Terumo Group Global Anti-trust Policy” in January 2015. In addition, the Terumo Group conducts cartel prevention training for associates in Japan and overseas in a Group-wide effort to maintain free and fair competition.

Combating Anti-social Forces

Avoiding relationships with anti-social forces is one of Terumo’s corporate responsibilities. We, therefore, strictly refuse to become involved in any relationship with anti-social forces and engage in no transactions with companies, other organizations, or individuals with ties to anti-social forces.

Furthermore, we work with law enforcement authorities and other agencies to combat anti-social forces.

Whistle-blowing System

When we are aware of compliance issues, taking appropriate measures, such as investigation, preventive action, disciplinary action and/or recurrence prevention measure are important. For such actions to be taken, it is necessary to ensure that any associate can report any compliance concern within the company without a fear of retaliation against the report. This is why Terumo established the “Terumo Global Compliance Violations Reporting and Anti-retaliation Policy”. Under the Policy, Terumo builds and operates a

whistle-blowing system in which Group Employees can, upon discovering compliance violations, etc., can report problems out of their usual line of authority. Further, the divisions operating the whistle-blowing system shall report on its status to the President of Terumo Corporation, the Internal Control Committee, and the Audit/Supervisory Committee as appropriate.

Appropriate Relationships with Healthcare Professionals

Terumo abides by the “Fair Competition Code” of the Japan Fair Trade Council of the Medical Devices Industry, “Code of Practice” of the Japan Pharmaceutical Manufacturers Association, “Promotion Code” of the Japan Federation of Medical Devices Associations, and other industrial regulations to ensure that it follows appropriate promotion practices for medical devices and pharmaceuticals. As there are more and more global business opportunities, we established the “Terumo Global Ethical Interactions with Healthcare Professionals Policy” based on the principles under the codes of ethics of internationally reputable industrial associations, in addition to “Terumo Code of Practice”. We keep developing and improving continuous in-house education for associates in order to promote awareness and thorough understanding of appropriate relationships with Healthcare Professionals. Going forward, we will continue to abide by these guidelines and practices.

Making the Relationship between Corporate Activities and Medical Institutions Transparent

Terumo has contributed to the development of the life sciences by conducting business activities consistent with “Contributing to Society through Healthcare” — our corporate mission. The development of advanced medical devices and pharmaceuticals requires the efforts of not only individual companies but also cooperation with university and other research and medical institutions. In that connection, funds are paid as compensation, and donations are made for research and other purposes. To improve degree of transparency as it engages in such payments, Terumo abides by not only the Pharmaceutical and Medical Device Act and other relevant laws and regulations but also industry self-regulation provisions based on the Fair Competition Code, Code of Practice, and other business ethics standards. Transparency has long been a concern outside Japan and has gained emphasis in Japan, as well. This is substantiated by developments such as the issuance of guidelines addressing conflicts of interest in industry-academia relationships in medical association and other contexts. Acting in accordance with voluntary industry rules, therefore, Terumo has formulated its Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and its Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations, and follows their provisions in disclosing payments of funds to medical institutions, medical professionals, and patient organizations.

Message from the CLO

Strengthening Ties within the Group and Working to Enhance Compliance Awareness to Support Sustainable Growth



Miho Mizuguchi

Executive Officer
Chief Legal Officer (CLO)
General Manager, Legal and
Compliance Department

To continue growing in the field of medical care, Terumo must maintain high ethical standards. It must also continue to engage only in business activities that are fair and equitable, and comply with laws, regulations, social norms, and rules. Given the increasing number of overseas companies added to the Group through acquisitions and other means in recent years, raising the compliance

awareness of associates throughout the Group has been a major focus. We have created a compliance management system that is led by the Chief Legal Officer (CLO), and that utilizes collaboration with compliance officers in the U.S., European, and Asian subsidiaries to monitor compliance conditions in each of the regions where the Group does business. Furthermore, at the regularly held Global Legal and Compliance Meetings, the CLO and compliance officers share information on compliance issues, discuss solutions, and participate in ongoing discussions of how compliance should be pursued throughout the Terumo Group. On a day-to-day basis, thorough functional and operational management through cooperation with individual Group companies serves to identify risks early on and prevent improper activities.

Directors, Audit/Supervisory Committee Members and Executive Officers

(As of June 27, 2017)

Directors



Takayoshi Mimura

Chairman of the Board

- April 1977 Joined Terumo Corporation
- June 2003 Director and Executive Officer
- June 2004 Director and Senior Executive Officer
- June 2007 Director and Managing Executive Officer
- April 2008 Group President of General Hospital Business Group Responsible for Domestic Sales Dept.
- June 2009 Regional Representative, China and Asia
- June 2010 Director and Senior Managing Executive Officer
- August 2011 President and CEO, Terumo (China) Holding Co., Ltd.
- April 2017 Chairman of the Board (present)



Shinjiro Sato

President and CEO

- April 1984 Joined Toa Nenryo Kogyo K.K. (currently JXTG Nippon Oil & Energy Corporation)
- February 1999 Joined Arthur Andersen Business Consulting (currently PwC Japan Group)
- June 2004 Joined Terumo Corporation
- June 2010 Executive Officer, General Manager of Strategic Planning Dept.
- October 2011 Group President of Cardiac and Vascular Business Group (currently President, Cardiac and Vascular Company)
- June 2012 Senior Executive Officer
- June 2014 Director and Senior Executive Officer
- April 2015 Director and Managing Executive Officer
- April 2017 President and CEO (present)



Toshiaki Takagi

Director and Managing Executive Officer
Chief Quality Officer (CQO)
Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., Environmental Management Dept., Production Dept., Procurement Dept.

- April 1981 Joined Terumo Corporation
- June 2008 Executive Officer
- June 2009 General Manager of R&D Headquarters
- June 2010 Director and Senior Executive Officer Responsible for Intellectual Property Dept. and Terumo Medical Pranex
- June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept. (present)
- July 2015 Chief Quality Officer (CQO) (present)
- April 2016 Director and Managing Executive Officer (present)
- April 2017 Responsible for Production Dept. and Procurement Dept. (present)



Shoji Hatano

Director and Managing Executive Officer
President, General Hospital Company
Division President, Hospital Systems Division, General Hospital Company

- April 1983 Joined Terumo Corporation
- October 2011 General Manager of Strategic Planning Dept.
- June 2012 Senior Executive Officer, General Manager of Strategic Planning Dept., responsible for Corporate Communication Dept. and Design Planning Dept.
- April 2015 Managing Executive Officer
- January 2016 Senior Vice President, General Hospital Company
- April 2016 President, General Hospital Company (present)
- June 2016 Director and Managing Executive Officer (present)
- January 2017 Division President, Hospital Systems Division, General Hospital Company (present)



Hideo Arase

Director and Senior Executive Officer
Regional Representative, India and Asia Pacific
Managing Director, Terumo Asia Holdings Pte., Ltd.

- April 1977 Joined Terumo Corporation
- July 2006 Managing Director, Terumo Europe NV
- June 2009 Director and Executive Officer Group President of Cardiac and Vascular Business Group
- June 2010 Director and Senior Executive Officer (present)
- June 2012 Regional Representative, Americas President and CEO, Terumo Americas Holding, Inc.
- April 2014 Regional Representative, Latin America
- April 2015 Regional Representative, India and Asia Pacific (present)
Managing Director, Terumo Asia Holdings Pte., Ltd. (present)



David Perez

Director and Senior Executive Officer
President, Blood Management Company
President and CEO, Terumo BCT

October 1981 Joined Kendall Healthcare Group, Ltd.
December 1989 Joined Caremark/Coram Healthcare Corporation
September 1995 Joined Haemonetics Corporation
May 1997 Joined Urotherapy Corporation
May 1999 Joined Gambro BCT, Inc. (currently Terumo BCT, Inc.)
April 2011 President and CEO, Terumo BCT Holding Corporation (present)
August 2011 President, Blood Management Company (present)
June 2014 Director and Senior Executive Officer (present)



Ikuo Mori

Independent Director

April 1970 Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)
June 2002 Corporate Vice President, Chief General Manager of Europe Region and Chief General Manager of Asia Pacific Region, Subaru Sales & Marketing Division
April 2005 Corporate Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division
June 2006 Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division
June 2006 President and Chief Executive Officer, Representative Director of the Board
June 2011 Chairman and Chief Executive Officer, Representative Director of the Board
June 2014 Independent Director, Terumo Corporation (present)



Ryuzo Ueda

Independent Director
Professor, Dept. of Tumor Immunology, Aichi Medical University

April 1969 Clinical Fellow, Nagoya University School of Medicine
September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York
April 2003 President, Nagoya City University Hospital
April 2010 Professor Emeritus, Nagoya City University (present)
April 2012 Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine (present)
June 2015 Independent Director, Terumo Corporation (present)
May 2016 Visiting Professor, Nagoya City University (present)

Directors (Audit/Supervisory Committee Members)



Yoshihiro Kimura

Director (Audit/Supervisory Committee Member)

April 1978 Joined Terumo Corporation
April 2004 Managing Director, Terumo Europe NV
July 2006 General Manager of Controller Dept.
March 2011 Chairman, Terumo Penpol Private Ltd.
April 2014 Executive Officer and General Manager of Internal Audit Dept.
April 2016 Advisor
April 2017 Audit/Supervisory Committee Office
June 2017 Director (Audit/Supervisory Committee Member) (present)



Toshihiko Matsumiya

Independent Director (Audit/Supervisory Committee Member)
Certified Public Accountant

April 1971 Joined Pioneer Corporation
July 1972 Joined Ryutsu Giken K.K.
October 1979 Joined Deloitte Haskins & Sells (currently Deloitte Touche Tohmatsu LLC)
March 1983 Registered as Certified Public Accountant
July 1991 Partner at Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)
October 2011 Representative, Toshihiko Matsumiya Certified Public Accountant Office (present)
June 2012 Audit and Supervisory Board Member (External), Terumo Corporation
June 2012 External Corporate Auditor, Daiichi Jitsugyo Co., Ltd. (present)
December 2012 External Corporate Auditor, Mitsubishi Research Institute, Inc. (present)
June 2015 Independent Director (Audit/Supervisory Committee Member), Terumo Corporation (present)



Masatake Yone

Independent Director (Audit/Supervisory Committee Member)
Lawyer

April 1981 Admitted to the bar in Japan
March 1987 Admitted to the bar in the State of New York
January 1989 Partner in Mori Sogo Law Firm (currently Mori Hamada & Matsumoto Law Firm) (present)
March 2008 Independent Director, GCA Savian Group Corporation (currently GCA Corporation) (present)
April 2011 Vice President of Daini Tokyo Bar Association
June 2011 External Corporate Auditor, NAMCO BANDAI Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (present)
June 2013 Audit and Supervisory Board Member (External), Terumo Corporation
June 2015 Independent Director (Audit/Supervisory Committee Member), Terumo Corporation (present)

Executive Officers

Kazuaki Kitabatake

Managing Executive Officer

Investor Relations, Corporate Communication Dept.
International Business Dept.
General Affairs Dept., Design Planning Dept.,
Global Talent Management, CSR

Tsuyoshi Tomita

Senior Executive Officer

Group Manager, General Hospital Products Group,
Hospital Systems Division,
General Hospital Company
General Manager, Sales Promotion (Japan), Hospital Systems Division, General Hospital Company

Ryo Nishihata

Senior Executive Officer

Chief Accounting and Financial Officer (CAFO)
Treasury Dept.
Controller Dept.

Hiraku Murayama

Senior Executive Officer

Vice President, Interventional Systems Division (Production),
Cardiac and Vascular Company
Factory Manager, Ashitaka
Factory, Cardiac and Vascular Company

Hikaru Samejima

Senior Executive Officer

President, Cardiac and Vascular Company
Division President, Interventional Systems Division, Cardiac and Vascular Company

Masataka Haraguchi

Senior Executive Officer

Branch Manager, Tokyo Branch

Takanori Shibazaki

Senior Executive Officer

Regional Representative, China
President and CEO, Terumo (China) Holdings Co., Ltd.

Kyo Nishikawa

Executive Officer

Regional Representative, Eastern Europe, Russia, Middle East and Africa
Managing Director and BOD Chairman, Terumo Europe NV

Juichi Takeuchi

Executive Officer

President and CEO, Terumo Americas Holding, Inc.
Regional Representative, Latin America
General Hospital Company (North America)

Richard Cappetta

Executive Officer

Division President, Neurovascular Division, Cardiac and Vascular Company
President and CEO, MicroVention, Inc.

Kosuke Matsumoto

Executive Officer

General Manager, Japanese Sales Management Dept.
Terumo Call Center

Masanori Hoshino

Executive Officer

Group Manager, DM and Consumer Healthcare Group,
Hospital Systems Division,
General Hospital Company

Hiroshi Nagumo

Executive Officer

Senior Vice President and General Manager (Japan),
Terumo BCT Holding Corp.
President and Representative Director, Terumo BCT Japan, Inc.
Production Dept. (Terumo BCT)

James Rushworth

Executive Officer

Regional President (U.S.),
Interventional Systems Division,
Cardiac and Vascular Company
President and CEO, Terumo Medical Corp.

Hiroaki Kasukawa

Executive Officer

Chief Technology Officer (CTO)
R&D Promotion Dept.
Terumo Medical Pranex

Kazuhiro Uchida

Executive Officer

General Manager,
Intellectual Property Dept.

Tetsuya Kumei

Executive Officer

General Manager, Business Strategy, General Hospital Company
Division President, Alliance Division, General Hospital Company

Katsuya Takeuchi

Executive Officer

Chief Information Officer (CIO)
General Manager, IT Dept.
Supply Chain Management Dept.

Tadashi Sameshima

Executive Officer

General Manager, HeartSheet Business Dept., Cardiac and Vascular Company
Leader, Regenerative Medicine, Corporate R&D Center

Kazunori Hirose

Executive Officer

General Manager, Production,
General Hospital Company

Miho Mizuguchi

Executive Officer

Chief Legal Officer (CLO)
General Manager,
Legal and Compliance Dept.

Itaru Sakaguchi

Executive Officer

Group Manager, Pharmaceutical Group, Hospital Systems Division, General Hospital Company

Toshihiko Osada

Executive Officer

General Manager,
Strategic Planning Dept.

Fumihisa Hirose

Executive Officer

Senior Vice President,
Cardiac and Vascular Company

Kazuhisa Senshu

Executive Officer

Chief Clinical and Regulatory Affairs Officer (CRAO)
General Manager, Clinical Development Dept.
Regulatory Affairs

Paul Holbrook

Executive Officer

Division President, Vascular Graft Division, Cardiac and Vascular Company
President and CEO, Vasutek Ltd.

Probir Das

Executive Officer

Managing Director, Terumo India Private Ltd.

Five-year Financial Summary (Consolidated)

Terumo Corporation and subsidiaries
Years ended March 31

Fiscal Year	Millions of yen				
	FY2012 (Ended March 2013)	FY2013 (Ended March 2014)	FY2014 (Ended March 2015)	FY2015 (Ended March 2016)	FY2016 (Ended March 2017)
Net sales	¥402,294	¥467,359	¥489,506	¥525,026	¥514,164
Operating income	53,216	65,288	67,456	81,703	76,578
Income before income taxes	52,285	52,907	64,046	76,920	74,981
Net income*1	47,014	34,096	38,470	50,676	54,225
Net cash provided by (used in) operating activities	50,270	96,259	73,110	80,303	80,862
Net cash provided by (used in) investing activities	(31,293)	(52,744)	(40,421)	(23,495)	(181,433)
Free cash flow	18,976	43,515	32,689	56,808	(100,571)
Net cash provided by (used in) financing activities	(22,340)	(31,785)	44,121	(79,936)	60,937
Research and development expenses	27,128	30,130	29,360	33,147	33,747
Capital expenditure	32,164	46,624	41,441	31,454	39,091
Depreciation and amortization*2	32,554	39,881	40,692	44,674	45,400

Per Share Indicators*3	yen				
Earnings per share (EPS)	¥247.60	¥89.78	¥101.33	¥135.14	¥150.15
Dividends	44.00	58.00	30.50	39.00	42.00
Book value per share (BPS)	2,304.42	1,306.72	1,513.73	1,408.53	1,389.70

Financial Position (Fiscal year end)	Millions of yen				
Current assets	¥286,955	¥310,985	¥412,458	¥374,746	¥349,183
Current liabilities	115,844	160,936	129,947	168,835	248,389
Total assets	771,032	832,814	992,073	901,685	1,021,405
Net assets	437,909	496,245	573,523	511,544	489,554
Capital	38,716	38,716	38,716	38,716	38,716

Management Indicators					
ROE	11.9%	7.3%	7.2%	9.3%	10.8%
ROA	6.4%	4.3%	4.2%	5.4%	5.6%
Shareholders' equity ratio (%)	56.7%	59.6%	57.8%	56.7%	47.9%
Shares outstanding as of the end of the fiscal year (thousands)*3	189,877	379,749	378,829	362,969	351,979
Employees as of the end of the fiscal year	18,893	19,263	19,934	20,697	22,441

*1 Profit attributable to owners of parent

*2 Including amortization of goodwill

*3 A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014. For information purposes, figures for earnings per share, book value per share, and shares outstanding as of the end of the fiscal year 2013 have been adjusted to reflect what they would have been had the stock split had been carried out at the beginning of fiscal 2013. The per-share dividend figure for fiscal 2014 also reflects this adjustment. Shares outstanding as of the end of the fiscal year do not include treasury stock.

Net Sales and Income

Net sales fell 2.1% year on year to 514.2 billion yen. In Japan, the access device part of the Terumo Interventional Systems (TIS) business, the Neurovascular business, and infusion lines and other parts of the General Hospital Products business all reported solid sales results. Net sales, nevertheless, declined slightly compared to the previous fiscal year. This was because the Japanese government revised National Health Insurance (NHI) reimbursement prices, the sales contribution of the Ultimaster drug-eluting coronary stent leveled off as it was introduced in October 2015, and contrast agent sales were transferred to Fuji Pharma Co., Ltd. Outside Japan, the TIS and Neurovascular businesses continued to perform well, and there were sales contributions from the acquired vascular closure device and other businesses. Currency translation impacts, however, resulted in a year-on-year sales decline for the Group.

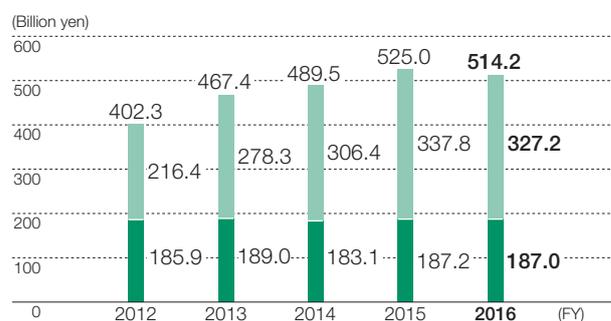
Gross profit fell 1.7% year on year to 278.0 billion yen, as currency translation impacts outweighed greater sales of access devices and other high-margin products, lower expenditures for improving the quality-management systems at Terumo Cardiovascular Systems Corp., in the U.S., and other factors such as production cost improvements.

Operating income also fell, by 6.3% year on year to 76.6 billion yen, as a result of lower gross profit and a slight increase in selling, general, and administrative expenses. Without considering goodwill amortization and other intangibles, operating income was down 4.4%, to 97.4 billion yen.

Ordinary income benefited from declines in foreign exchange losses and other non-operating expenses, but not enough to overcome the impact of lower operating income, and ended the year down 6.2% year on year to 68.6 billion yen.

Net income (profit attributable to owners of parent) rose 7.0% year on year to 54.2 billion yen, as a sale of Olympus Corporation shares resulted in a 15.7 billion yen extraordinary gain, which more than offset the impacts of a 7.0 billion yen extraordinary loss recorded in connection with the dissolution of an agreement with Arterial Remodeling Technologies (ART), a French company, for the joint development of a bioresorbable scaffold.

Net Sales (Japan ■ / Outside of Japan ■)



Operating Income ■ / Operating Margin ●



Operating Income (before amortization of goodwill and other intangibles) ■ / Operating Margin (before amortization of goodwill and other intangibles) ●



Net Income^{*1} ■ / ROE^{*2} ●



*1 Profit attributable to owners of parent

*2 Return on equity

Results by Business Segment

■ Cardiac and Vascular Company

In Japan, the access device portion of the TIS business and the Neurovascular business performed well, but, with other factors, such as the levelling off of the sales contribution of the Ultimaster drug-eluting coronary artery stent, introduced in October 2015, and the Japanese government's revision of NHI reimbursement prices, net sales ended the fiscal year lower. Outside Japan, the access device portion of the TIS business and Ultimaster recorded strong sales results, and the Neurovascular business saw double-digit sales growth, before currency translation impacts. With additional sales contributions from the acquired vascular closure device business and other sources, results were strong enough to overcome currency translation impacts and end the fiscal year higher. The Cardiac and Vascular Company recorded net sales up 1.1% year on year to 261.5 billion yen.

Operating income*, which also was affected by currency translation impacts, rose 2.5% year on year to 65.0 billion yen, primarily on the strength of higher sales of access devices, Ultimaster, and other high-margin products.

■ General Hospital Company

In Japan, solid sales results were recorded for closed infusion systems and other infusion line products, pain management products, and products for peritoneal dialysis. But with the Japanese government's revision of NHI reimbursement prices and the impact of the transfer of contrast agent sales in the previous fiscal year, net sales experienced a modest decline. Outside of Japan, the General Hospital Company benefited from solid sales performances for IV catheters in Asia and from business with pharmaceutical companies in Europe. However, with the scale-back of low-profit businesses in Europe and Latin America, and the impacts of foreign currency translation and other factors, sales outside Japan fell. Overall net sales for the General Hospital Company fell 2.1% year on year to 157.9 billion yen.

Operating income*, on the other hand, benefited from ongoing cost-lowering efforts and rose 5.1% year on year to 23.8 billion yen.

■ Blood Management Company

In Japan, solid sales of automated blood collection systems to blood centers resulted in higher net sales for the Blood Management Company. Outside Japan, however, price revisions implemented in the second half of the previous fiscal year for products sold to U.S. blood centers, and currency translation impacts, resulted in lower net sales. As a result, the Blood Management Company's net sales declined 10.1% year on year to 94.5 billion yen.

Operating income* fell 19.5% year on year to 13.6 billion yen mainly because of the U.S. price revisions mentioned above and an expense increase related to the startup of operations at a factory in Vietnam.

Fiscal 2016 Net Sales by Business Segment

■ Cardiac and Vascular Company

(Billion yen)

	TIS	Neurovascular	CV Systems	Vascular Graft	Total
Japan	35.9	2.9	10.2	2.0	51.0
Americas	59.8	9.3	20.3	2.6	92.0
EMEA	44.6	8.5	4.8	6.9	64.7
Asia and others	39.9	8.0	4.5	1.4	53.8
Total	180.2	28.7	39.8	12.9	261.5

■ General Hospital Company

(Billion yen)

	General Hospital Products	D&D	DM and Consumer Healthcare	Total
Japan	51.1	51.4	21.2	123.8
Americas	6.6	1.2	—	7.8
EMEA	2.8	4.2	0.9	7.8
Asia and others	15.8	0.3	2.4	18.5
Total	76.2	57.2	24.6	157.9

■ Blood Management Company

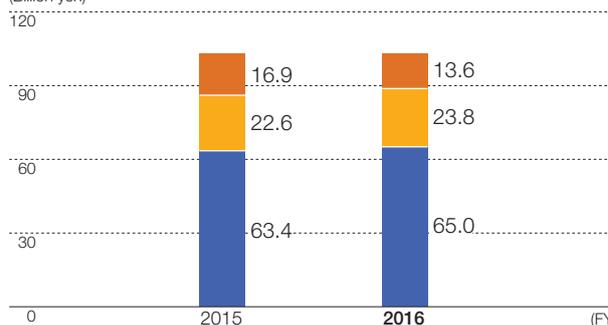
(Billion yen)

	Blood Centers	Therapeutic Apheresis and Cell Collections	Cell Processing	Total
Japan	11.2	0.8	0.1	12.0
Americas	21.8	11.7	6.3	39.9
EMEA	17.2	4.7	0.6	22.4
Asia and others	17.3	2.5	0.3	20.1
Total	67.5	19.7	7.3	94.5

Operating Income* by Business Segment

Cardiac and Vascular Company ■ / General Hospital Company ■ / Blood Management Company ■

(Billion yen)



* Before amortization of goodwill and other intangibles

Balance Sheet and Cash Flow Information

Balance Sheet

Total assets rose by 119.7 billion yen, to 1,021.4 billion yen. This increase occurred mainly through acquisitions of companies and businesses, which added 73.6 billion yen in goodwill and 77.6 billion yen in developed technology. Liabilities rose by 141.7 billion yen, to 531.9 billion yen. A 119.9 billion yen increase in short-term debt was the main factor behind this rise.

Net assets declined by 22.0 billion yen, to 489.6 billion yen, primarily because of a 44.2 billion yen increase in treasury stock.

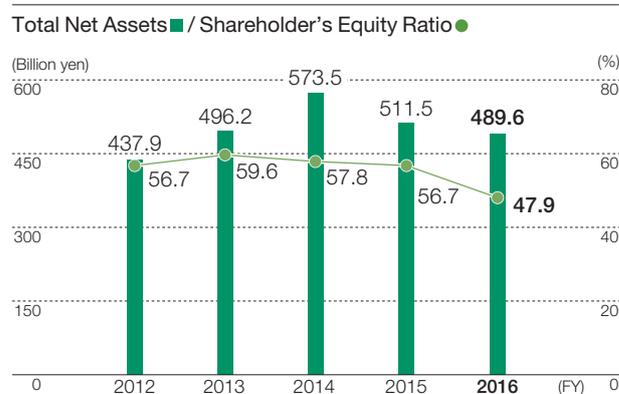
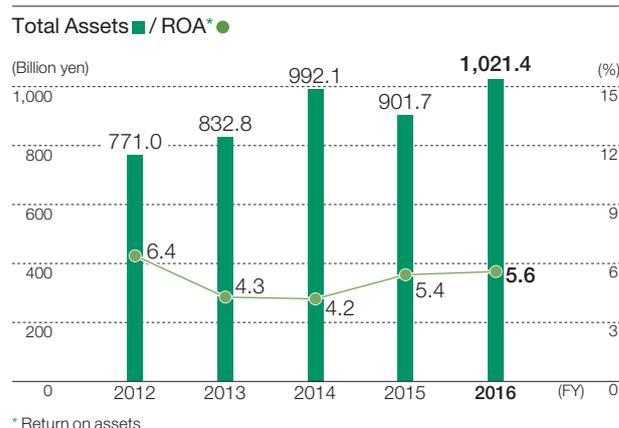
Cash Flow

Net cash provided by operating activities came to 80.9 billion yen. Income before income taxes came to 75.0 billion yen; depreciation and amortization excluding amortization of goodwill, 34.2 billion yen; and amortization of goodwill, 11.2 billion yen. Corporate and other taxes paid totaled 24.8 billion yen.

Net cash used in investing activities came to 181.4 billion yen. In the main, this figure reflects 119.2 billion yen used for a business acquisition, 49.4 billion yen used to acquire subsidiary shares in connection with a change in consolidation scope, and 29.8 billion yen used to purchase property, plant, and equipment.

Net cash provided by financing activities came to 60.9 billion yen. This reflects outflows of 44.2 billion yen to acquire treasury stock and 14.5 billion yen to pay dividends, and inflows of 120.0 billion yen from short-term borrowings, 29.9 billion yen from the issuance of bonds, and 29.6 billion yen from long-term borrowings.

As a result of the above, cash and cash equivalents totaled 105.0 billion yen as of the end of the fiscal year, down 41.9 billion yen from the end of the previous fiscal year.



Cash Flow

	(Billion yen)		
	FY2015	FY2016	Change
Net cash provided by (used in) operating activities	80.3	80.9	0.6
Net cash provided by (used in) investing activities	(23.5)	(181.4)	(157.9)
Net cash provided by (used in) financing activities	(79.9)	60.9	140.9
Cash and cash equivalents at end of the year	146.9	105.0	(41.9)

Consolidated Financial Statements

Consolidated Balance Sheets

Terumo Corporation and subsidiaries
March 31, 2017 and 2016

Assets	Million yen	
	FY2016 (March 31, 2017)	FY2015 (March 31, 2016)
Current Assets:		
Cash and deposits	¥ 105,388	¥ 149,672
Notes and accounts receivable – trade	109,508	104,426
Less: allowance for doubtful accounts	(1,430)	(1,390)
Notes and accounts receivable – trade, net	108,078	103,035
Inventories	106,712	96,454
Deferred tax assets	17,501	14,963
Other current assets	11,503	10,621
Total current assets	349,183	374,746
Property, Plant and Equipment:		
Land	22,471	23,297
Buildings and structures	168,773	167,612
Machinery, equipment and vehicles	234,942	233,310
Leased assets	3,307	2,141
Construction in progress	30,445	21,417
Other equipment and furniture	46,245	43,683
	506,186	491,463
Less: accumulated depreciation	(323,064)	(315,668)
Net property, plant and equipment	183,122	175,794
Investments and Other Assets:		
Investment securities, including investments in unconsolidated subsidiaries and affiliates	12,463	37,724
Goodwill	217,334	143,707
Developed technology	105,581	28,017
Customer relationships	85,338	90,750
Deferred tax assets	6,727	3,436
Retirement benefit assets	757	–
Other assets	60,896	47,506
Total investments and other assets	489,099	351,143
Total Assets	¥ 1,021,405	¥ 901,685

Liabilities and Net Assets	Million yen	
	FY2016 (March 31, 2017)	FY2015 (March 31, 2016)
Current Liabilities:		
Short-term debt	¥ 120,000	¥ 61
Current portion of long-term debt	7,853	19,839
Current portion of bonds payable	–	40,000
Notes and accounts payable – trade	38,451	36,294
Lease obligations	231	256
Income taxes payable	9,688	9,778
Accrued expenses	38,040	35,555
Asset retirement obligations	72	–
Other current liabilities	34,052	27,049
Total current liabilities	248,389	168,835
Non-current Liabilities:		
Bonds payable	30,000	–
Convertible bonds with subscription rights to shares	100,135	100,184
Long-term debt	80,578	58,873
Lease obligations	230	286
Retirement benefit liabilities	6,803	8,656
Provision for directors' retirement benefits	14	66
Asset retirement obligations	84	230
Deferred tax liabilities	47,501	45,079
Other non-current liabilities	18,113	7,925
Total non-current liabilities	283,462	221,304
Total liabilities	531,851	390,140
Net Assets:		
Capital stock		
Shares authorized		
1,519,000,000	38,716	38,716
Shares issued		
379,760,520		
Capital surplus	50,928	50,928
Retained earnings	459,261	419,573
Less: treasury stock, at cost	(108,225)	(64,040)
Total shareholders' equity	440,680	445,178
Unrealized gains (losses) on available-for-sale securities, net of taxes	1,706	16,308
Deferred gains (losses) on hedges, net of taxes	(560)	(13)
Foreign currency translation adjustments	56,257	63,182
Accumulated adjustments for retirement benefits, net of taxes	(8,938)	(13,403)
Total accumulated other comprehensive income	48,464	66,074
Stock subscription rights	307	183
Non-controlling interests	101	109
Total net assets	489,554	511,544
Total Liabilities and Net Assets	¥ 1,021,405	¥ 901,685

Consolidated Statements of Comprehensive Income

Terumo Corporation and subsidiaries
Years ended March 31, 2017 and 2016

	Million yen	
	FY2016 (Ended March 31, 2017)	FY2015 (Ended March 31, 2016)
Profit	¥ 54,114	¥ 50,630
Other Comprehensive Income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(14,601)	(602)
Deferred gains (losses) on hedges, net of taxes	(546)	(15)
Foreign currency translation adjustments	(6,931)	(25,864)
Adjustments for retirement benefits, net of taxes	4,465	(9,792)
Share of other comprehensive income of affiliates accounted for using the equity method, net of taxes	(0)	2
Total other comprehensive income	(17,615)	(36,272)
Comprehensive Income	¥ 36,498	¥ 14,358
Comprehensive Income attributable to:		
Owners of parent	¥ 36,616	¥ 14,408
Non-controlling interests	(118)	(50)

Consolidated Financial Statements

Consolidated Statements of Changes in Net Assets

Terumo Corporation and subsidiaries
Years ended March 31, 2017 and 2016

	Million yen										
	Shareholders' equity				Accumulated other comprehensive income				Stock sub- scrip- tion rights	Non-con- trolling interests	Total
Capital stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains (losses) on available-for-sale securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits, net of taxes				
Balance at March 31, 2015	¥38,716	¥52,103	¥383,317	¥(3,035)	¥16,910	¥—	¥89,043	¥(3,611)	¥78	¥—	¥573,523
Cumulative effect of changes in accounting policies		(1,175)	(1,220)								(2,396)
Beginning of period as restated	38,716	50,928	382,097	(3,035)	16,910	—	89,043	(3,611)	78	—	571,126
Dividends from surplus			(13,200)								(13,200)
Profit attributable to owners of parent			50,676								50,676
Purchase of treasury stock				(61,004)							(61,004)
Net changes of items other than shareholders' equity					(602)	(13)	(25,860)	(9,792)	105	109	(36,053)
Balance at March 31, 2016	¥38,716	¥50,928	¥419,573	¥(64,040)	¥16,308	¥(13)	¥63,182	¥(13,403)	¥183	¥109	¥511,544
Dividends from surplus			(14,518)								(14,518)
Profit attributable to owners of parent			54,225								54,225
Purchase of treasury stock				(44,227)							(44,227)
Disposal of treasury stock			(18)	41							22
Net changes of items other than shareholders' equity					(14,601)	(547)	(6,925)	4,465	124	(7)	(17,493)
Balance at March 31, 2017	¥38,716	¥50,928	¥459,261	¥(108,225)	¥1,706	¥(560)	¥56,257	¥(8,938)	¥307	¥101	¥489,554

Consolidated Statements of Cash Flows

Terumo Corporation and subsidiaries
Years ended March 31, 2017 and 2016

	Million yen	
	FY2016 (Ended March 31, 2017)	FY2015 (Ended March 31, 2016)
Net Cash Provided by (Used in) Operating Activities		
Income before income taxes	¥ 74,981	¥ 76,920
Depreciation and amortization	34,153	33,679
Impairment loss	—	1,010
Amortization of goodwill	11,247	10,995
Equity in losses (earnings) of affiliates	559	(328)
Decrease (increase) in retirement benefit assets	(757)	(6,890)
Increase (decrease) in retirement benefit liabilities	(1,774)	(220)
Increase (decrease) in allowance for doubtful accounts	66	(22)
Increase (decrease) in provision for directors' retirement benefits	(52)	—
Increase (decrease) in provision for directors' bonuses	20	28
Interest and dividends income	(701)	(942)
Interest expense	1,205	1,395
Foreign exchange losses (gains)	2,881	4,321
Structural reform-related expenses	703	222
Amortization of business commencement expenses	1,111	278
Gain on sales of property, plant and equipment	(366)	(4,917)
Loss on disposal of property, plant and equipment	1,652	895
Gain on sales of investment securities	(15,792)	(793)
Subsidy income	(284)	(1,783)
Settlement package	—	1,656
Loss on liquidation of subsidiaries	—	102
Restructuring loss	1,375	—
Loss on valuation of investment securities	2,178	—
Loss on valuation of other investments	4,805	—
Decrease (increase) in notes and accounts receivable – trade	(4,784)	(3,138)
Decrease (increase) in inventories	(3,921)	398
Increase (decrease) in notes and accounts payable - trade	886	(1,492)
Other, net	(254)	5,305
Subtotal	109,140	116,679
Interest and dividend income received	784	1,751
Interest expenses paid	(1,190)	(1,445)
Income taxes paid	(24,845)	(36,451)
Settlement paid	(1,493)	—
Payments for structural reform-related expenses	(450)	(409)
Subsidy income received	284	1,783
Payments for loss on liquidation of subsidiaries	—	(83)
Payments for restructuring loss	(1,365)	(1,390)
Payments for loss on liquidation of businesses	—	(132)
Net cash provided by (used in) operating activities	80,862	80,303
Net Cash Provided by (Used in) Investing Activities		
Payments for time deposits	(298)	(1,766)
Proceeds from withdrawal of time deposits	2,443	1,796
Purchase of property, plant and equipment	(29,838)	(28,209)
Proceeds from sales of property, plant and equipment	1,315	5,135
Purchase of intangible assets	(6,680)	(4,703)
Purchase of investment securities	(1,243)	(3,505)
Proceeds from sales of investment securities	21,440	10,802
Collection of lease deposits	—	39
Payments for acquisition of businesses	(119,191)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(49,380)	—
Other, net	(0)	(3,082)
Net cash provided by (used in) investing activities	(181,433)	(23,495)
Net Cash Provided by (Used in) Financing Activities		
Proceeds from short-term debt	120,000	—
Repayments of short-term debt	(58)	(298)
Proceeds from long-term debt	29,640	—
Repayments of long-term debt	(19,460)	(5,416)
Proceeds from issuance of bonds	29,888	—
Redemption of bonds	(40,000)	—
Proceeds from share issuance to non-controlling interests	—	181
Repayments of finance lease obligations	(325)	(197)
Purchase of treasury stock	(44,227)	(61,004)
Cash dividends paid	(14,518)	(13,200)
Net cash provided by (used in) financing activities	60,937	(79,936)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,246)	(6,606)
Net Increase in Cash and Cash Equivalents	(41,880)	(29,734)
Cash and Cash Equivalents at Beginning of the Year	146,927	176,662
Cash and Cash Equivalents at End of the Year	¥ 105,046	¥ 146,927

Global Network (As of March 31, 2017)

Japan

Terumo Corporation (Tokyo)	●●●●▲
Terumo Clinical Supply Co., Ltd. (Gifu)	●■▲
Terumo Yamaguchi Corporation (Yamaguchi)	●■
Terumo Yamaguchi D&D Corporation (Yamaguchi)	●■
Terumo Heart Corporation (Tokyo)	●
Terumo BCT Japan, Inc. (Tokyo)	●

Americas

Terumo Americas Holding, Inc. (U.S.A.)	■
Terumo Medical Corporation (U.S.A.)	●●■▲
Terumo Cardiovascular Systems Corporation (U.S.A.)	●■▲
Terumo Latin America Corporation (U.S.A.)	●●
Terumo Medical de Mexico S.A. de C.V. (Mexico)	●●
Terumo Medical do Brasil Ltda. (Brazil)	●●
Terumo Chile Ltda. (Chile)	●●
Terumo Colombia Andina S.A.S. (Colombia)	●●●
Terumo Panama International, Inc. (Panama)	●
MicroVention, Inc. (U.S.A.)	●■▲
MicroVention Costa Rica S.R.L. (Costa Rica)	●■
Terumo BCT Holding Corporation (U.S.A.)	■
Terumo BCT, Inc. (U.S.A.)	●■▲
Terumo BCT Latin America S.A. (Argentina)	●
Terumo Heart, Inc. (U.S.A.)	●■
Terumo Medical Innovation, Inc. (U.S.A.)	▲
Sequent Medical, Inc. (U.S.A.)	●■
Kalila Medical, Inc. (U.S.A.)	●■
Bolton Medical, Inc. (U.S.A.)	●■
Terumo Puerto Rico LLC (U.S.A.)	●■

- Cardiac and Vascular Business
- General Hospital Business
- Blood Management Business
- Holding company
- Production site
- ▲ R&D site

Europe, Middle East and Africa

Terumo Europe NV (Belgium)	●●●■▲
Terumo Deutschland GmbH (Germany)	●●
Terumo France S.A.S. (France)	●●
Terumo Italia S.R.L. (Italy)	●●
Terumo Europe España S.L. (Spain)	●●
Terumo Sweden AB (Sweden)	●●
Terumo UK Ltd. (United Kingdom)	●●
Terumo Russia LLC (Russia)	●●
Terumo Middle East FZE (U.A.E.)	●●
Terumo Poland Sp. zo.o. (Poland)	●●
Vasutek Ltd. (United Kingdom)	●■▲
Vasutek Deutschland GmbH (Germany)	●
MicroVention UK Ltd. (United Kingdom)	●
MicroVention Europe, S.A.R.L. (France)	●
MicroVention Deutschland GmbH (Germany)	●
Terumo BCT Europe N.V. (Belgium)	●
Terumo BCT Ltd. (United Kingdom)	●■

Greater China

Terumo (China) Holding Co., Ltd. (China)	■
Terumo Medical (Shanghai) Co., Ltd. (China)	●●
Terumo China (Hong Kong) Ltd. (China)	●●
Terumo Taiwan Medical Co., Ltd. (Taiwan)	●●
Terumo Medical Products (Hangzhou) Co., Ltd.(China)	●●■
MicroVention Medical Technology (Hangzhou) Co., Ltd. (China)	●

Asia

Terumo Asia Holdings Pte. Ltd. (Singapore)	■
Terumo Singapore Pte. Ltd. (Singapore)	●●
Terumo (Thailand) Co., Ltd. (Thailand)	●●●
Terumo Malaysia Sdn. Bhd. (Malaysia)	●●●
PT. Terumo Indonesia (Indonesia)	●●●
Terumo Australia Pty. Ltd. (Australia)	●●
Terumo Marketing Philippines Inc. (Philippines)	●●●
Terumo Vietnam Medical Equipment Co., Ltd. (Vietnam)	●●●
Terumo India Private Ltd. (India)	●●
Terumo Korea Corporation (Korea)	●●
Terumo (Philippines) Corporation (Philippines)	●■
Terumo Vietnam Co., Ltd. (Vietnam)	●●■
Terumo Penpol Private Ltd. (India)	●■▲
Terumo BCT Vietnam Co., Ltd. (Vietnam)	●■
Terumo BCT Asia Pte. Ltd. (Singapore)	●

Corporate Information (As of March 31, 2017)

Tokyo OfficeTokyo Opera City Tower, 3-20-2 Nishi Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan
 Head Office2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan

FoundedSeptember 17, 1921
 Capital38.7 billion yen
 EmployeesConsolidated: 22,441 Non-consolidated: 4,733

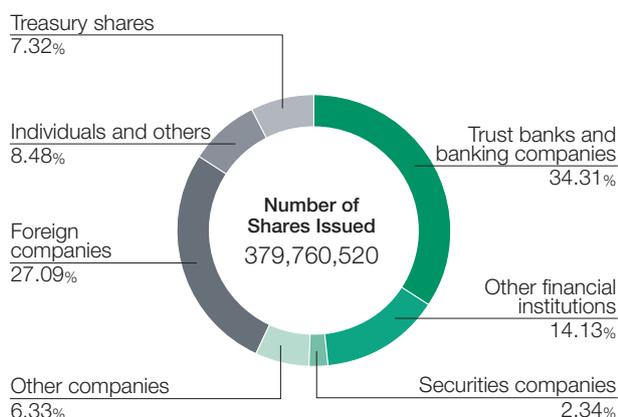
Terumo Group Website<http://www.terumo.com>

Stock Information (As of March 31, 2017)

Number of Shares Authorized1,519,000,000*
 Number of Shares Issued379,760,520*
 Number of Shareholders35,057
 Stock Exchange ListingFirst Section of Tokyo Stock Exchange
 Security Code4543
 Trading Unit100 shares

* Terumo Corporation split each share of common stock into two shares effective on 1st April 2014.

Composition of Issued Shares by Type of Shareholder



Major Shareholders (Top 10 Shareholders)¹

	Number of shares held (Thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,739	12.04%
Japan Trustee Services Bank, Ltd. (Trust Account)	23,536	6.20%
The Dai-ichi Life Insurance Company, Limited ²	20,259	5.33%
Meiji Yasuda Life Insurance Company	13,568	3.57%
STATE STREET BANK AND TRUST COMPANY 505223	9,516	2.51%
Mizuho Bank, Ltd. ³	9,215	2.43%
Terumo Foundation for Life Sciences and Arts	7,360	1.94%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,545	1.72%
JP MORGAN CHASE BANK 385632	6,524	1.72%
STATE STREET BANK WEST CLIENT - TREATY 505234	5,817	1.53%

¹ Though not included in the table above, Terumo holds 27,781 thousand treasury shares. These treasury shares were included in the calculation of ownership percentages.

² Shares held by The Dai-ichi Life Insurance Company, Limited include 3,000 thousand shares contributed by that company to a retirement benefit trust.

³ Shares held by Mizuho Bank, Ltd. include 6,518 thousand shares contributed by that company to a retirement benefit trust.

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Printed in Japan