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(Securities Code: 4543)
June 2, 2015

To Our Shareholders:

Yutaro Shintaku
President and Representative Director
TERUMO CORPORATION
44-1, Hatagaya 2-chome, Shibuya-ku,
Tokyo, Japan

**NOTICE OF CONVOCAION OF
THE 100TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 100th Annual General Meeting of Shareholders of Terumo Corporation (the “Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing (by mail) or electronically (via the Internet). Please review the attached Reference Documents for the Annual General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Tuesday, June 23, 2015.

Exercise of voting rights in writing (by mail)

Please indicate whether you are for or against each of the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us.

Exercise of voting rights electronically (via the Internet)

Please access the website for exercising voting rights designated by the Company, and follow the on-screen guidance. Please vote for or against each of the proposals by the voting deadline indicated above.

Disclosure on the Internet

The following are posted on the Company’s website in accordance with law and Article 15 of the Company’s Articles of Incorporation and thus are not included in the documents attached to this notice of convocation.

- 1) Notes to Consolidated Financial Statements
- 2) Notes to Non-consolidated Financial Statements

The consolidated financial statements and the non-consolidated financial statements audited by the Audit and Supervisory Board Members and the Accounting Auditor include the Notes to Consolidated Financial Statements and the Notes to Non-consolidated Financial Statements, which are posted on the Company’s website, in addition to the Consolidated and Non-consolidated Financial Statements included in the Attached Documents of this notice of convocation.

- 1. Date and Time:** Wednesday, June 24, 2015, at 2:00 p.m. (The reception desk opens at 1:00 p.m.)

2. Place: Fuji Banquet Room, 2nd floor, Meiji Kinenkan
2-2-23 Moto-Akasaka, Minato-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. Operations Report, Consolidated Financial Statements, and Audit Report concerning Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board for the 100th Term (from April 1, 2014, to March 31, 2015)
 2. Non-consolidated Financial Statements for the 100th Term (from April 1, 2014, to March 31, 2015)

Matters to be resolved:

- Proposal 1:** Appropriation of Surplus
(Supplementary explanation of Proposals 2-7)
Transition to a Company with an Audit/Supervisory Committee
- Proposal 2:** Partial Amendment to the Articles of Incorporation
- Proposal 3:** Election of 14 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)
- Proposal 4:** Election of 3 Directors Who Serve as Audit/Supervisory Committee Members
- Proposal 5:** Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member
- Proposal 6:** Determination of the Amount of Remuneration etc. to Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)
- Proposal 7:** Determination of the Amount of Remuneration etc. to Directors Who Serve as Audit/Supervisory Committee Members)
- Proposal 8:** Payment of Bonuses to Directors

4. Exercise of voting rights If you exercise your voting rights both in writing on the Voting Rights Exercise Form and via the Internet, only the exercise of voting rights via the Internet will be valid. In addition, if you exercise your voting rights multiple times via the Internet, only the last vote will be valid.

- When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please note that no one other than the shareholders with voting rights, such as an agent or an accompanying person, is permitted to enter the venue even if such a person brings a Voting Rights Exercise Form with him/her.
- We would appreciate it if you could come ahead of time to avoid last-minute congestion.
- If any revisions are made to the Reference Documents for the Annual General Meeting of Shareholders, Operations Report, Non-consolidated Financial Reports, or Consolidated Financial Reports, they will be posted on the Company's website at <http://www.terumo.co.jp>.
- Please note that we will be in light clothing (Cool Biz) at the meeting. We encourage everyone attending the meeting to wear light clothing, too.

Reference Documents for the Annual General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

The Company considers the distribution of an appropriate amount of profit to shareholders to be one of the principal responsibilities of management and pays dividends in accordance with a policy of stably and steadily increasing dividends with a target payout ratio of 30% over the medium- to long-term.

Accordingly, it is proposed that a year-end dividend of ¥16 per share be paid out as described below. As a result, the annual dividends for the year, including the interim dividend of ¥14.5, will amount to ¥30.5 per share, an increase of ¥1.5 from the previous year.(*)

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥16 per share of common stock of the Company
Total amount of dividends: ¥6,061,264,704
- (3) Effective date of dividends from surplus
Thursday, June 25, 2015

(*) Taking the 2-for-1 share split of common stock effective April 1, 2014 into consideration, the annual dividends for the fiscal year ended March 31, 2014 were ¥29 per share.

(Supplementary explanation of the proposal below)

Transition to a Company with an Audit/Supervisory Committee

The Board of Directors of the Company decided at its meeting held on April 23, 2015, to effect a transition from a Company with Audit and Supervisory Board Members to a Company with an Audit/Supervisory Committee for the purpose of further strengthening corporate governance and enhancing corporate value. The background to and reasons for this transition are described below.

1. Background to the transition

Recognizing the importance of having corporate governance systems in place and strengthening them for continuous enhancement of corporate value, the Company has been working to enhance management transparency and objectivity, including election of three Independent Outside Directors and two Independent Outside Audit and Supervisory Board Members and establishment of the Corporate Governance Committee, more than half of whose membership consists of Independent Outside Directors, as an optional advisory body for the Board of Directors.

The Company decided to effect a transition to a Company with an Audit/Supervisory Committee in order to further strengthen corporate governance and, by increasing the number of Outside Directors, enhance audit and supervisory function to the management in conjunction with Audit/Supervisory Committee Members with voting rights, believing that such system should be easy to understand for the overseas stakeholders.

2. Reasons for the transition

(1) To strengthen audit and supervisory functions

Directors who serve as Audit/Supervisory Committee Members have voting rights at the Board of Directors, and thus audit and supervisory functions are expected to be further strengthened.

(2) To enhance management transparency and objectivity

The number of Independent Outside Directors will increase from the current three to five, and thus it is expected that more opinions from an independent perspective, reflecting the views of shareholders and other stakeholders, will be expressed at the Board of Directors, leading to enhancement of transparency and objectivity in decision-making.

(3) To accelerate decision-making

The Board of Directors will shift to a monitoring type and promote delegation of authority for execution of duties, and thus decision-making and business development is expected to be accelerated.

Proposal 2: Partial Amendment to the Articles of Incorporation

1. Reasons for this proposal

As stated in the above supplementary explanation, the Company wishes to effect a transition to a Company with an Audit/Supervisory Committee and intends to partially amend the Articles of Incorporation, including establishment of provisions concerning the Audit/Supervisory Committee and Audit/Supervisory Committee Members and deletion of provisions concerning the Audit and Supervisory Board and Audit and Supervisory Board Members. The scope of officers who can conclude a liability limitation contract will expand in accordance with the Law for Partial Revision of the Corporation Law (2014 Law No. 90, hereinafter referred to as the “Revised Corporation Law”) that was promulgated on June 27, 2014. In line with this change, the Company will also amend the Articles of Incorporation to enable Non-executive Directors to conclude a liability limitation contract so that they can fulfill their expected roles.

2. Details of amendment

The details of the changes are as follows.

(Underlined portions are amended.)

Present Articles of Incorporation	Proposed Amendment
CHAPTER I GENERAL PROVISIONS Article 1. to 3. (Text omitted) <i>(Governing Bodies)</i> Article 4. In addition to the general meeting of shareholders and Directors, the Company shall have the following bodies: (1) Board of Directors; (2) <u>Audit and Supervisory Board Member;</u> (3) <u>Audit and Supervisory Board; and</u> (4) <u>Accounting Auditors.</u> Article 5. to 17. (Text omitted)	CHAPTER I GENERAL PROVISIONS Article 1. to 3. (Same as the present) <i>(Governing Bodies)</i> Article 4. In addition to the general meeting of shareholders and Directors, the Company shall have the following bodies: (1) Board of Directors; (2) <u>Audit/Supervisory Committee; and</u> (Deleted) (3) <u>Accounting Auditors.</u> Article 5. to 17. (Same as the present)
CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS <i>(Number of Directors)</i> Article 18. The Company shall have up to fifteen (15) Directors. (Newly established)	CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS <i>(Number of Directors)</i> Article 18. The Company shall have up to fifteen (15) Directors <u>(excluding Directors who serve as Audit/Supervisory Committee Members).</u> <u>2. The Company shall have up to five (5) Directors who serve as Audit/Supervisory Committee Members.</u>

<i>(Election of Directors)</i> Article 19. Directors shall be elected by resolution of the general meeting of shareholders. 2. (Text omitted) 3. (Text omitted)	<i>(Election of Directors)</i> Article 19. Directors shall be elected by resolution of the general meeting of shareholders, <u>while making a distinction between Directors serving as Audit/Supervisory Committee Members and other Directors.</u> 2. (Same as the present) 3. (Same as the present)
<i>(Term of Office of Directors)</i> Article 20. The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the latest business year ending within one (1) year after his or her election to the office. (Newly established) (Newly established)	<i>(Term of Office of Directors)</i> Article 20. The term of office of a Director <u>(excluding Directors who serve as Audit/Supervisory Committee Members)</u> shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the latest business year ending within one (1) year after his or her election to the office. 2. <u>The term of office of a Director who serves as an Audit/Supervisory Committee Member shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the latest business year ending within two (2) years after his or her election to the office.</u> 3. <u>The term of office of a Director who serves as an Audit/Supervisory Committee Member elected to fill a vacancy created by the retirement of a Director serving as an Audit/Supervisory Committee Member before the expiration of his or her term of office shall expire at the time of expiration of the term of office of the retired Director serving as an Audit/Supervisory Committee Member.</u>
<i>(Representative Director)</i> Article 21. The Board of Directors shall appoint Representative Director(s) by resolution.	<i>(Representative Director)</i> Article 21. The Board of Directors shall appoint Representative Director(s) by resolution from among Directors <u>(excluding Directors who serve as Audit/Supervisory Committee Members).</u>
<i>(Convener and Chairperson of the Meeting of the Board of Directors)</i> Article 22. (Text omitted)	<i>(Convener and Chairperson of the Meeting of the Board of Directors)</i> Article 22. (Same as the present)

<i>(Notice of Meetings of the Board of Directors)</i> Article 23. Notice of a meeting of the Board of Directors of the Company shall be sent to each Director <u>and Audit and Supervisory Board Member</u> at least five (5) days prior to date of such meeting; provided, however, that in case of urgency, such period may be shortened. 2. With unanimous consent of the Directors <u>and Audit and Supervisory Board Members</u>, meetings of the Board of Directors may be convened without following the usual procedures for convening the meetings of the Board of Directors.	<i>(Notice of Meetings of the Board of Directors)</i> Article 23. Notice of a meeting of the Board of Directors of the Company shall be sent to each Director at least five (5) days prior to date of such meeting; provided, however, that in case of urgency, such period may be shortened. 2. With unanimous consent of the Directors, meetings of the Board of Directors may be convened without following the usual procedures for convening the meetings of the Board of Directors.
(Newly established)	<i>(Delegation of Decision regarding Execution of Important Duties)</i> Article 24. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Corporation Law, the Company may delegate all or part of a decision regarding important duties (excluding matters set forth in items of Article 399-13, Paragraph 5 of the said law) to a Director by resolution of the Board of Directors.
Article 24. (Text omitted)	Article 25. (Same as the present)
<i>(Omission of Adoption of Resolutions of the Board of Directors)</i> Article 25. Where all Directors have given consent in writing or electromagnetic records for an issue that requires a resolution of the Board of Directors, the Company shall deem the Board of Directors to have adopted a resolution on the said issue, <u>unless an objection is raised by any Audit and Supervisory Board Member.</u>	<i>(Omission of Adoption of Resolutions of the Board of Directors)</i> Article 26. Where all Directors have given consent in writing or electromagnetic records for an issue that requires a resolution of the Board of Directors, the Company shall deem the Board of Directors to have adopted a resolution on the said issue.
Article 26. (Text omitted)	Article 27. (Same as the present)
<i>(Compensation and Other Payment for Directors)</i> Article 27. The compensation and other payment for Directors shall be determined by a resolution of the general meeting of shareholders.	<i>(Compensation and Other Payment for Directors)</i> Article 28. The compensation and other payment for Directors shall be determined by a resolution of the general meeting of shareholders, <u>while making a distinction between Directors serving as Audit/Supervisory Committee Members and other Directors.</u>
<i>(Immunity for Directors)</i> Article 28. (Text omitted) 2. The Company may, pursuant to Article 427, Paragraph 1 of the Corporation Law, enter into a contract with <u>Outside Directors</u> to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the said law.	<i>(Immunity for Directors)</i> Article 29. (Same as the present) 2. The Company may, pursuant to Article 427, Paragraph 1 of the Corporation Law, enter into a contract with <u>Directors (excluding Executive Directors)</u> to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the said law.

CHAPTER V AUDIT AND SUPERVISORY BOARD MEMBERS AND AUDIT AND SUPERVISORY BOARD	CHAPTER V AUDIT/SUPERVISORY COMMITTEE
(Newly established)	<u>(Authority of Audit/Supervisory Committee)</u> Article 30. <u>The Audit/Supervisory Committee shall determine matters that are provided for in laws and regulations and exercise the authority necessary to perform its duties.</u>
(Newly established)	<u>(Convocation Notice regarding Meeting of Audit/Supervisory Committee)</u> Article 31. <u>Convocation notice regarding a meeting of the Audit/Supervisory Committee shall be issued to each Audit/Supervisory Committee Member at least five (5) days prior to the date of such meeting provided, however, that such period may be shortened in the case of urgent necessity.</u> <u>2. A meeting of the Audit/Supervisory Committee may be held without implementing the convocation procedures upon the consent of all the Audit/Supervisory Committee Members.</u>
(Newly established)	<u>(Audit/Supervisory Committee Regulations)</u> Article 32. <u>Matters relating to the Audit/Supervisory Committee shall be governed by applicable laws and regulations and/or these Articles of Incorporation as well as the Audit/Supervisory Committee Regulations established by the Audit/Supervisory Committee of the Company.</u>
<u>(Number of Audit and Supervisory Board Members)</u> Article 29. <u>The Company shall have up to five (5) Audit and Supervisory Board Members.</u>	(Deleted)
<u>(Election of Audit and Supervisory Board Members)</u> Article 30. <u>Audit and Supervisory Board Members shall be elected by resolution of the general meeting of shareholders.</u> <u>2. A resolution for the election of Audit and Supervisory Board Members shall be made by majority of the voting rights of shareholders present holding not less than one-third of the voting rights of the shareholders who are entitled to exercise voting rights.</u>	(Deleted)

<u>(Term of Office of Audit and Supervisory Board Members)</u> Article 31. <u>The term of office of a Audit and Supervisory Board Member shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the latest business year ending within four (4) years after his or her election to the office.</u> <u>2. The term of office of a Audit and Supervisory Board Member elected to fill a vacancy of a Audit and Supervisory Board Member who has retired prior to the termination of his term shall be the period until the term of office of the said retired Audit and Supervisory Board Member expires.</u>	(Deleted)
<u>(Standing Audit and Supervisory Board Members)</u> Article 32. <u>The Audit and Supervisory Board shall elect Standing Audit and Supervisory Board Members by resolution.</u>	(Deleted)
<u>(Notice of Meetings of the Audit and Supervisory Board)</u> Article 33. <u>Notice of a meeting of the Audit and Supervisory Board of the Company shall be sent to each Audit and Supervisory Board Member at least five days prior to the meeting; provided, however, that in case of urgency, such period may be shortened.</u> <u>2. With unanimous consent of the Audit and Supervisory Board Members, meetings of the Audit and Supervisory Board may be convened without following the usual procedures for convening the meetings of the Audit and Supervisory Board.</u>	(Deleted)
<u>(Method of Adopting Resolutions of the Audit and Supervisory Board)</u> Article 34. <u>Except as otherwise provided by law, resolutions of a meeting of Audit and Supervisory Board of the Company shall be adopted by a majority of the Audit and Supervisory Board Members.</u>	(Deleted)
<u>(Audit and Supervisory Board Regulations)</u> Article 35. <u>Matters relating to the Audit and Supervisory Board shall be governed by applicable laws and regulations and/or these Articles of Incorporation as well as the Audit and Supervisory Board Regulations established by the Audit and Supervisory Board of the Company.</u>	(Deleted)
<u>(Compensation and Other Payment for Audit and Supervisory Board Members)</u> Article 36. <u>The compensation and other payment for Audit and Supervisory Board Members shall be determined by resolution of the general meeting of shareholders.</u>	(Deleted)

<u>(Immunity for Audit and Supervisory Board Members)</u> Article 37. Where the statutory requirements relating to liability under Article 423, Paragraph 1 of the Corporation Law are satisfied, the Company may, by resolution of the Board of Directors, grant its active or former Audit and Supervisory Board Members immunity from liability up to the amount calculated by deducting the statutory minimum amount of liability from the actual amount of liability. 2. The Company may, pursuant to Article 427, Paragraph 1 of the Corporation Law, enter into a contract with Outside Audit and Supervisory Board Members to apply the statutory limit with request to liability under Article 423, Paragraph 1 of the said law.	(Deleted)
CHAPTER VI ACCOUNTING AUDITORS	CHAPTER VI ACCOUNTING AUDITORS
Article 38. to 39. (Text omitted)	Article 33. to 34. (Same as the present)
<i>(Compensation and Other Payment for Accounting Auditors)</i> Article 40. The compensation and other payment for Accounting Auditors shall be determined by the Representative Directors with consent from the Audit and Supervisory Board.	<i>(Compensation and Other Payment for Accounting Auditors)</i> Article 35. The compensation and other payment for Accounting Auditors shall be determined by the Representative Directors with consent from the Audit/Supervisory Committee.
CHAPTER VII ACCOUNTS	CHAPTER VII ACCOUNTS
Article 41. to 44. (Text omitted)	Article 36. to 39. (Same as the present)
(Newly established)	<i>(Supplementary provision)</i> Article 1. <i>(Transitional Measures for Immunity for Audit and Supervisory Board Members)</i> Pursuant to the provisions of Article 426, Paragraph 1 of the Corporation Law, the Company may, by resolution of the Board of Directors, grant its active or former Audit and Supervisory Board Members immunity from liability for damages arising from their failure to perform their duties up to the statutory limit regarding their conduct before the partial amendment to the Articles of Incorporation resolved at the 100th Annual General Meeting of Shareholders takes effect.
(Newly established)	Article 2. <i>(Special Provision concerning Effectiveness)</i> The amendment to the Articles of Incorporation shall take effect at the conclusion of the 100th Annual General Meeting of Shareholders to be held on June 24, 2015. This article shall be deleted when the Articles of Incorporation take effect.

Proposal 3: Election of 14 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)

The terms of office of all of the 13 current directors will expire at the conclusion of this Annual General Meeting of Shareholders. The election of 14 directors is proposed.

The candidates for directors are as indicated below.

The proposal on election of Mr. Yoshiaki Shiraishi, Candidate No. 11, is submitted, provided that Proposal 2. "Partial Amendment to the Articles of Incorporation" is approved at this Annual General Meeting of Shareholders as proposed, and will take effect, provided that the amendment to the Articles of Incorporation pertaining to Proposal 2 takes effect. No material conflict of interest exists between the Company and any of the candidates for directors.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Koji Nakao (February 8, 1947)	April 1970 Joined the Company June 1995 Director April 1997 General Manager of Strategy Planning Dept. June 2002 Director and Managing Executive Officer June 2005 Responsible for Europe and North America Administration Dept. June 2006 Director, Chairman of the Board and CEO, Terumo Medical Corporation June 2007 Director and Senior Managing Executive Officer October 2008 Responsible for Production Dept. June 2010 Director and Executive Vice President May 2011 Chairman and Representative Director (present) (Significant concurrent positions) Chairman of the Japan Federation of Medical Devices Association Chairman of the Medical Technology Association of Japan	116,325
2	Yutaro Shintaku (September 19, 1955)	April 1979 Joined Toa Nenryo Kogyo K.K. (present TonenGeneral Sekiyu K.K.) January 1999 Joined the Company June 2005 Executive Officer June 2006 Director and Executive Officer General Leader, Cardiac & Vascular Business Group June 2007 Director and Senior Executive Officer Responsible for R&D Center, Intellectual Property Dept., and Legal Dept. June 2009 Director and Managing Executive Officer General Manager of Strategy Planning Dept. Responsible for Human Resources Dept. and Accounting & Finance Dept. June 2010 President and Representative Director (present)	46,275

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions		Number of shares of the Company held
3	Hiroshi Matsumura (September 29, 1953)	April 1976 Joined the Company June 2001 Executive Officer June 2002 Director and Executive Officer General Manager of Strategy Planning Dept. June 2003 Director and Senior Executive Officer June 2004 Director and Managing Executive Officer June 2006 Responsible for Human Resources Dept. June 2009 Director and Senior Managing Executive Officer Group President of General Hospital Business Group (currently, President, General Hospital Company) (present) Responsible for Terumo Call Center June 2010 Director and Executive Vice President (present) Responsible for Domestic Sales Dept.		25,024
4	Takayoshi Mimura (June 18, 1953)	April 1977 Joined the Company June 2002 Executive Officer 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 April 2010 Regional Representative, China (present) June 2010 Director and Senior Managing Executive Officer (present) August 2011 President, Terumo (China) Holdings Co., Ltd. (present) April 2014 Responsible for Terumo Call Center		17,275
5	Akira Oguma (April 30, 1952)	April 1976 Joined the Company June 2002 Executive Officer June 2004 Senior Executive Officer June 2005 Director and Senior Executive Officer January 2008 Responsible for Safety-Related Information Dept. July 2009 Responsible for Quality Assurance Dept. June 2010 Director and Managing Executive Officer April 2011 Responsible for Production Dept. June 2012 Director and Senior Managing Executive Officer (present) Responsible for General Affairs Dept. (present) June 2013 Responsible for Supply Chain Management Dept. and IT Planning Dept. (present) May 2014 Responsible for Procurement Dept. (present)		28,333

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
6	Shinjiro Sato (July 19, 1960)	April 1984 Joined Toa Nenryo Kogyo K.K. (present TonenGeneral Sekiyu K.K.) February 1999 Joined Arthur Andersen Business Consulting (current PricewaterhouseCoopers) June 2004 Joined the Company June 2010 Executive Officer, General Manager of Strategy Planning Dept. October 2011 Group President of Cardiac & Vascular Business Group (currently, President, Cardiac & Vascular Company) (present) June 2012 Senior Executive Officer June 2014 Director and Senior Executive Officer April 2015 Director and Managing Executive Officer (present)	7,298
7	Hideo Arase (March 19, 1955)	April 1977 Joined the Company July 2006 President, Terumo Europe N.V. June 2008 Executive Officer June 2009 Director and Executive Officer June 2009 Group President of Cardiac & Vascular Business Group Responsible for Legal Dept. June 2010 Director and Senior Executive Officer (present) October 2011 Responsible for Brazilian Business Promotion June 2012 Regional Representative, Americas President & 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)	16,586
8	Kuniko Shoji (January 8, 1954)	April 1977 Joined Mochida Pharmaceutical Co., Ltd. July 1986 Joined Johnson & Johnson Medical K.K. (present Johnson & Johnson K.K.) September 2002 Joined the Company General Manager of Regulatory Affairs Dept. (present) June 2004 Executive Officer April 2005 General Manager of Clinical Development Dept. June 2007 Senior Executive Officer June 2009 Corporate Representative for Government and Industry June 2010 Director and Senior Executive Officer (present) April 2014 Responsible for Clinical Development Dept. (present)	12,058

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
9	Toshiaki Takagi (March 24, 1958)	April 1981 Joined the Company April 2004 Factory Manager of Ashitaka Factory April 2008 Factory Manager of Ashitaka Factory and Suruga Factory June 2008 Executive Officer June 2009 General Manager of R&D Headquarters June 2010 Director and Senior Executive Officer (present) Responsible for Intellectual Property Dept. Responsible for Terumo Medical Pranex June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept. (present) April 2015 Responsible for Terumo Call Center (present)	11,263
10	David Perez (August 16, 1959)	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. (present Terumo BCT, Inc.) April 2011 President & CEO, Terumo BCT, Inc. (present) August 2011 President, Blood Management Company (present) June 2012 Senior Executive Officer June 2014 Director and Senior Executive Officer (present)	-
11	Yoshiaki Shiraishi (November 8, 1951)	April 1976 Joined the Company July 2002 General Manager of Human Resources Dept. June 2004 Executive Officer July 2005 General Manager of Human Resources and General Affairs Dept. June 2007 Senior Executive Officer October 2007 Advisor, Terumo Penpol Ltd. December 2007 Chairman of the Board of Directors of Terumo Penpol Ltd. March 2011 General Manager of Internal Audit Dept. June 2012 Audit and Supervisory Board Member (Full-time) (present)	14,472

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
12	Mari Matsunaga (November 13, 1954) <candidate for independent director>	April 1977 Joined Japan Recruit Center Co., Ltd. (present Recruit Holdings Co., Ltd.) July 1986 Editor in chief of <i>Shushoku Journal</i> published by Recruit Holdings Co., Ltd. July 1988 Editor in chief of <i>Travaille</i> published by Recruit Holdings Co., Ltd. July 1997 Joined NTT DoCoMo, Inc., Head of Planning Office for Gateway Business Dept. April 2000 Representative, Mari Matsunaga Office, Inc. (present) June 2002 Independent Director, BANDAI Co., Ltd. June 2006 Independent Director, BRAINS Network Co., Ltd. (present) June 2012 Independent Director, MS&AD Insurance Group Holdings, Inc. (present) Independent Director of the Company (present) June 2014 Independent Director, ROHTO Pharmaceutical Co., Ltd. (present)	2,123

Ms. Mari Matsunaga will have served as independent director for three years at the conclusion of this Annual General Meeting of Shareholders.

Ms. Mari Matsunaga attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2015.

■ Reasons for selection of the candidate for independent director

Ms. Mari Matsunaga has a wealth of experience and insight concerning the development of new products and services. The Company selected Ms. Matsunaga as a candidate for independent director because the Company wishes her to utilize her experience and insight in the management of the Company. For these reasons, the Company deems that Ms. Matsunaga will duly execute her duties as an independent director.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
13	Ikuo Mori (August 19, 1947) <candidate for independent director>	April 1970 Joined Fuji Heavy Industries Ltd. June 2002 Corporate Vice President, Chief General Manager of Europe Region and Chief General Manager of Asia Pacific Region, Subaru Sales & Marketing Division, Fuji Heavy Industries Ltd. 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 2012 Senior Corporate Advisor June 2014 Advisor, Fuji Heavy Industries Ltd. (present) Independent Director of the Company (present)	707

Mr. Ikuo Mori will have served as an independent director for one year at the conclusion of this Annual General Meeting of Shareholders.

Mr. Ikuo Mori attended 9 out of 9 meetings of the Board of Directors held in the fiscal year ended March 31, 2015 following his assumption of office as an independent director of the Company on June 24, 2014.

■ Reasons for selection of the candidate for independent director

Mr. Ikuo Mori has a wealth of experience as a corporate manager and insight cultivated through his overseas business experience over the years. The Company selected Mr. Mori as a candidate for independent director because the Company wishes him to utilize his experience and insight in the management of the Company. For these reasons, the Company deems that Mr. Mori will duly execute his duties as an independent director.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
14	Ryuzo Ueda (September 20, 1944) <candidate for independent director>	April 1969 Clinical Fellow, Nagoya University School of Medicine September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York September 1980 Senior Research Staff, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute April 1988 Chief, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute September 1995 Professor, Second Department of Internal Medicine, Nagoya City University Medical School April 2003 President, Nagoya City University Hospital April 2008 Director-General, Nagoya City Hospital Bureau April 2010 Professor Emeritus and Senior Advisor to the Board, Nagoya City University (present) Adjunct Professor, Nagoya City University Graduate School of Medical Sciences April 2012 Professor, Tumor Immunology, Aichi Medical University School of Medicine (present) January 2013 Councilor, Aichi Medical University (present)	-

■ Reasons for selection of the candidate for independent director

Dr. Ryuzo Ueda has expert knowledge, as attested by his research achievements in the field of cancer treatment, and a wealth of experience gained through the execution of his duties as the President of the Nagoya City University Hospital and the Director-General of the Nagoya City Hospital Bureau. The Company selected Dr. Ueda as a candidate for independent director because the Company wishes him to utilize his knowledge and experience in the management of the Company. For these reasons, the Company deems that Dr. Ueda will duly execute his duties as an independent director.

Notes:

1. In accordance with Article 427, Paragraph 1 of the Corporation Law, the Company has entered into contracts with Ms. Mari Matsunaga and Mr. Ikuo Mori to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the aforementioned law. If their reelection is approved, the Company intends to renew the liability limitation contracts with them. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Corporation Law. If election of Dr. Ryuzo Ueda is approved as proposed, the Company intends to enter into a liability limitation contract with him.
2. If election of Mr. Yoshiaki Shiraishi is approved as proposed, he will become a non-executive director, and the Company intends to enter into a liability limitation contract, as mentioned above, with him, provided that Proposal 2 “Partial Amendment to the Articles of Incorporation” takes effect.
3. The number of shares of the Company held by each candidate for director includes shares held through the Terumo Director Shareholding Association. The number of shares of the Company held indicated is as of April 30, 2015.
4. In August 2011, Tokyo Regional Taxation Bureau pointed out inappropriate accounting treatments at Fuji Heavy Industries Ltd., which Mr. Ikuo Mori had served as director until June 2012. Mr. Mori had been working to improve internal control systems, and after such facts were revealed, he took measures to prevent recurrence by further strengthening compliance.
5. The Company appointed Ms. Mari Matsunaga and Mr. Ikuo Mori as independent directors/auditors as defined by the Tokyo Stock Exchange and submitted notifications of their appointment to the Exchange. If their reelection is approved, the Company intends to continue their appointment as independent directors/auditors. If election of Dr. Ryuzo Ueda is approved as proposed, the Company intends to appoint him as an independent director/auditor.

Proposal 4: Election of 3 Directors Who Serve as Audit/Supervisory Committee Members

Once Proposal 2 “Partial Amendment to the Articles of Incorporation” takes effect, the Company will effect a transition to a Company with an Audit/Supervisory Committee. The election of 3 directors who will serve as Audit/Supervisory Committee Members is proposed. The Audit and Supervisory Board has already given consent to the submission of this proposal.

This proposal is submitted, provided that Proposal 2. “Partial Amendment to the Articles of Incorporation” is approved at this Annual General Meeting of Shareholders as proposed, and will effect, provided that the amendment to the Articles of Incorporation pertaining to Proposal 2 takes effect.

The candidates for directors who will serve as Audit/Supervisory Committee Members are as indicated below.

No material conflict of interest exists between the Company and any of the above candidates for Audit/Supervisory Committee Members.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
1	Kenji Sekine (May 24, 1952)	April 1977 Joined the Company January 2003 President of General Hospital Products Business, General Hospital Business Group June 2005 Executive Officer October 2006 General Manager of Kansai Block and General Manager of Osaka Branch April 2008 Group President of Blood Management Business Group June 2008 Director and Executive Officer Responsible for Marketing Dept. June 2010 Director and Senior Executive Officer October 2010 Regional Representative, India and the Middle East December 2011 Regional Representative, India June 2013 Audit and Supervisory Board Member (Full-time) (present)	21,294
2	Toshihiko Matsumiya (October 3, 1947) <candidate for independent director who serves as an Audit/Supervisory Committee Member>	April 1971 Joined Pioneer Corporation July 1972 Joined Ryutsu Giken K.K. October 1979 Joined Deloitte Haskins & Sells (present Deloitte Touche Tohmatsu LLC) March 1983 Registered as Certified Public Accountant November 1987 Toronto, Canada Office, Deloitte Haskins & Sells July 1991 Partner at Deloitte Haskins & Sells (present Deloitte Touche Tohmatsu LLC) October 2011 Representative, Toshihiko Matsumiya Accounting Office June 2012 Audit and Supervisory Board Member (External) of the Company (present)□ Outside Corporate Auditor, Daiichi Jitsugyo Co., Ltd. (present) December 2012 External Corporate Auditor, Mitsubishi Research Institute, Inc. (present)	1,491

■ Reasons for selection of the candidate for independent director who serves as an Audit/Supervisory Committee Member

Mr. Toshihiko Matsumiya has specialist knowledge and a wealth of experience as a certified public accountant. The Company selected Mr. Matsumiya as a candidate for independent director who serves as an Audit/Supervisory Committee Member because the Company wishes him to utilize his knowledge and experience in the management of the Company. For these reasons, the Company deems that Mr. Matsumiya will duly execute his duties as an independent director who serves as an Audit/Supervisory Committee Member.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
3	Masatake Yone (July 8, 1954) <candidate for independent director who serves as an Audit/Supervisory Committee Member>	April 1981 Admitted to the bar in Japan 1985 Worked at Sullivan & Cromwell, LLP, New York 1986 Worked at Freshfields, Bruckhaus Deringer London March 1987 Admitted to the bar in the State of New York July 1987 Joined Mori Sogo Law Firm (present Mori Hamada & Matsumoto Law Firm) January 1989 Partner in Mori Sogo Law Firm (present) April 2000 Lecturer in the Graduate School of International Corporate Strategy, Hitotsubashi University June 2007 External Corporate Auditor, THK Co., Ltd. (present) March 2008 Independent Director, GCA Savvian Group Corporation (present GCA Savvian Corporation) (present) April 2011 Vice President of Daini Tokyo Bar Association June 2011 External Corporate Auditor, NAMCO BANDAI Games Inc. (present BANDAI NAMCO Entertainment Inc.) (present) June 2013 Audit and Supervisory Board Member (External) of the Company (present)	-

■ Reasons for selection of the candidate for independent director who serves as an Audit/Supervisory Committee Member

Mr. Masatake Yone has expert knowledge and a wealth of experience as a lawyer in Japan and abroad. The Company selected Mr. Yone as a candidate for independent director who serves as an Audit/Supervisory Committee Member because the Company wishes him to utilize his knowledge and experience in improving the audit system of the Company. For these reasons, the Company deems that Mr. Yone will duly execute his duties as an independent director who serves as an Audit/Supervisory Committee Member.

Notes:

1. If this proposal is approved as proposed, in accordance with Article 427, Paragraph 1 of the Corporation Law, the Company intends to enter into a liability limitation contract with each candidate. The maximum amount of liability under the contracts shall be the amount prescribed in Article 425, Paragraph 1 of the Corporation Law. The Company has entered into similar contracts with Mr. Toshihiko Matsumiya and Mr. Masatake Yone in their capacity as Audit and Supervisory Board Members (External) of the Company.
2. The number of shares of the Company held by each candidate for director includes shares held through the Terumo Director Shareholding Association. The number of shares of the Company held indicated is as of April 30, 2015.
3. The Company appointed Mr. Toshihiko Matsumiya as an independent director/auditor as defined by the Tokyo Stock Exchange and submitted a notification of his appointment to the Exchange. If his reelection is approved, the Company intends to continue his appointment as an independent director/auditor.
4. Mr. Masatake Yone satisfies the criteria for serving as an independent director/auditor as defined by the Tokyo Stock Exchange. However, in accordance with the rule of the firm that he serves, the Company has not submitted notification of the appointment of him as an independent director/auditor.

Proposal 5: Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee**Member**

In order to ensure that the number of incumbent directors who serve as Audit/Supervisory Committee Member does not fall short of that required by laws and regulations, the Company requests the approval of shareholders for the election of 1 substitute director who serves as an Audit/Supervisory Committee Member.

The Audit and Supervisory Board has already given consent to the submission of this proposal.

The candidate for substitute director who serves as an Audit/Supervisory Committee Member is as indicated below.

No material conflict of interest exists between the Company and the candidate for substitute director who serves as an Audit/Supervisory Committee Member.

Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions		Number of shares of the Company held
Tomohisa Tabuchi (December 9, 1957)	April 1984	Admitted to the bar in Japan	-
<candidate for substitute independent director who serves as an Audit/Supervisory Committee Member>	April 1991	Joined Mori Sogo Law Firm (present Mori Hamada & Matsumoto Law Firm)	
	April 2007	Established Sueyoshi Sogo Law Firm (present STW & Partners)	
		Partner in STW & Partners (present)	
	June 2011	Independent Director, NAMCO BANDAI Holdings Inc. (present)	
	June 2013	External Corporate Auditor, Rakuten Bank, Ltd. (present)	
	June 2014	Independent Director, Accordia Golf Co., Ltd. (present)	

- Reasons for selection of the candidate for substitute independent director who serves as an Audit/Supervisory Committee Member
The Company selected Mr. Tomohisa Tabuchi as a candidate for independent director who serves as an Audit/Supervisory Committee Member as the Company wishes him to utilize the legal knowledge he has gained in the course of his lengthy career as a lawyer in improving the audit system of the Company. For these reasons, the Company deems that Mr. Tabuchi will duly execute his duties as an independent director who serves as an Audit/Supervisory Committee Member.
- Liability limitation contract with the substitute independent director who serves as an Audit/Supervisory Committee Member
In accordance with Article 427, Paragraph 1 of the Corporation Law, the Company intends to enter into a contract with Mr. Tomohisa Tabuchi to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the aforementioned law. The maximum amount of liability under the contract shall be the amount prescribed in Article 425, Paragraph 1 of the Corporation Law.

Proposal 6: Determination of the Amount of Remuneration etc. to Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)

With respect to the amount of remuneration to directors of the Company, it was approved at the 66th Annual General Meeting of Shareholders held on January 19, 1982 that the total amount shall be within the limit of ¥500 million a year. Accordingly, the Company has been paying fixed remuneration within this limit and has been granting stock options (introduced in 2013) to its directors.

Upon transition to a Company with an Audit/Supervisory Committee, the Audit/Supervisory Committee consisting of Audit/Supervisory Committee Members directly elected at a General Meeting of Shareholders will also review bonuses to directors and may state opinions at a General Meeting of Shareholders, as necessary, as part of their audit/supervisory functions. Thus, the Company intends to include the amount of performance-linked bonuses to executive directors in the amount of remuneration etc. to directors and requests the approval of shareholders for revision of the total amount of remuneration to directors to be within ¥700 million a year. (If Proposal 3 is approved, the number of directors will be 14 (of whom three will be independent directors).) Incidentally, determination of the amount of bonuses will remain unchanged and the amount of a bonus to a director will be determined through evaluation directly linked with the performance of the Company as a whole and the performance of the organizations for which each director is responsible.

The amount of remuneration etc. to directors does not include portions of their salaries as employees.

Proposal 7: Determination of the Amount of Remuneration etc. to Directors Who Serve as Audit/Supervisory Committee Members

Once Proposal 2 “Partial Amendment to the Articles of Incorporation” takes effect, the Company will effect a transition to a Company with an Audit/Supervisory Committee. Pursuant to the provisions of Article 361 Paragraphs 1 and 2 of the Corporation Law, the Company requests the approval of shareholders for determination of the amount of remuneration etc. to directors who serve as Audit/Supervisory Committee Members to be within a limit of ¥100 million a year, taking into consideration the economic situation and other general circumstances. It is also proposed that the decisions as to the specific amounts of money, timing of payment, etc. with respect to remuneration etc. to directors who serve as Audit/Supervisory Committee Members be entrusted to the consultation of directors who serve as Audit/Supervisory Committee Members.

Once Proposal 2 and Proposal 4 take effect, the number of directors who serve as Audit/Supervisory Committee Members will be 3.

This proposal may take effect, provided that Proposal 2 takes effect.

Proposal 8: Payment of Bonuses to Directors

In view of the Company's performance for the fiscal year ended March 31, 2015, it is proposed that bonuses of ¥142,500,000 in total be paid to 10 directors who were in office during the fiscal year ended March 31, 2015 (Three independent directors are excluded).

Operations Report

(From April 1, 2014, to March 31, 2015)

1. Overview of the Group

(1) Business Progress and Results

Trends varied in the global healthcare market in the fiscal year ended March 31, 2015. In the United States, a healthcare system was launched with the aim of improving comprehensive prevention and care services, and efficient management including the reduction of unnecessary hospitalization is being pursued. European countries continued to roll out measures to reduce healthcare costs and price pressure in the medical device market persisted. Meanwhile, the outlook in emerging countries remained murky owing to factors such as a depreciation of currencies in these countries versus major currencies and a slowdown in economic growth. Moreover, the global healthcare industry continued to undergo reorganization. This included a mega M&A deal valued at over 1 trillion yen.

Meanwhile, the Japanese economy showed signs of a moderate economic recovery. However, as national healthcare costs climbed to a new high in Japan, there is mounting pressure to reduce healthcare costs and to enhance medical cost efficiency, including the continued division of functions of healthcare provider in line with revisions to the medical care delivery system. The industry is continuing to lay the groundwork for the discovery of innovative pharmaceuticals, the development of ground-breaking medical devices, and the practical application of regenerative therapies thanks to the enactment of the Pharmaceutical and Medical Device (PMD) Act and the Act to Ensure Safety in Regenerative Medicine, etc. in November 2014. In addition, preparations were carried out to establish the Japan Agency for Medical Research and Development (AMED) in April 2015 whose central role is to engage in research and development in the field of medicine, and to establish and maintain the R&D environment.

In this environment, the Group is pursuing its goal of establishing a greater global presence, and in line with its globally aligned Business-led Management, the Group is aiming for sustainable and profitable growth.

The Company conducted a 2-for-1 share split of common stock effective April 1, 2014.

Assets and Income

(Millions of yen, unless otherwise stated)

Item	97th term Fiscal 2011 From April 1, 2011 to March 31, 2012	98th term Fiscal 2012 From April 1, 2012 to March 31, 2013	99th term Fiscal 2013 From April 1, 2013 to March 31, 2014	100th term Fiscal 2014 From April 1, 2014 to March 31, 2015
Net sales	386,686	402,294	467,359	489,506
Operating income	63,049	53,216	65,288	67,456
Ordinary income	59,164	51,376	63,802	70,730
Net income	24,167	47,014	34,096	38,470
Net income per share (yen)	127.28	247.60	89.78*	101.33
Total net assets	352,537	437,909	496,245	573,523
Total assets	692,520	771,032	832,814	992,073

* Net income per share for the 99th term is the figure adjusted by the ratio of share split effective April 1, 2014 for comparison.

Net Sales

Although reimbursement price revisions in Japan had a negative impact, net sales amounted to 489.5 billion yen, an increase of 4.7% year on year, led mainly by the robust performance of the interventional systems business in Europe and Asia.

Operating Income

Operating income increased 3.3% year on year to 67.5 billion yen because of increased sales, reflecting the adequate control over spending, mainly for sales promotions and logistical costs throughout the year.

Ordinary Income

Owing to an increase in operating income and foreign exchange gains resulting from the depreciation of the yen, ordinary income increased 10.9% year on year to 70.7 billion yen.

Net Income

Net income increased 12.8% year on year to 38.5 billion yen.

Cardiac & Vascular Company

Sales of products for transradial coronary intervention or TRI^{*1}, an area the interventional systems business is focusing on, continued to be brisk in North America, Europe, and Asia. Sales of the Ultimaster drug-eluting stent^{*2}, which were launched in Europe, Latin America, and Asia, also expanded favorably. Sales of the neurovascular business^{*3} remained steady in various overseas markets. In Japan, despite the negative impact of reimbursement price revisions, sales of balloon catheters for treatment of cerebral aneurysm in the neurovascular business increased.

Consequently, net sales increased 9.9% year on year to 229.2 billion yen.

*1. TRI: Interventional treatment that involves approaching the coronary artery from the blood vessels of the wrist instead of the customary femoral access and thus reduces patient burden

*2. Stent: Metallic mesh tube used to treat constricted blood vessels

*3. Neurovascular business: The business handling medical devices used for treatment of cerebrovascular diseases, such as cerebral aneurysm

Principal products

Interventional Systems business	Angiographic catheters, PTCA balloon catheters, coronary stents
Neurovascular business	Devices for the treatment of cerebral aneurysms, etc.
CV Systems business	Oxygenators, heart-lung machines, etc.
Vascular Graft business	Artificial vascular grafts, stent grafts

General Hospital Company

The D&D (Drug & Device)^{*1} business targeting pharmaceutical companies performed well in Japan and overseas. The DM^{*2} (Diabetes Management) and consumer healthcare business grew in Europe and Asia.

In Japan, the Company started full-scale sales of the SURPLUG AD series of closed infusion systems, and worked to expand its sales. At the same time, we promoted cost reduction in the general hospital products business. As a result of expansion of sales of the D&D business and the DM and consumer healthcare business, which offer high margins, profitability improved.

In Japan, the consumption tax hike, revisions to reimbursement prices, and a partial increase in the cost burden for senior citizens had a negative impact throughout the year. As a result, sales decreased 1.6% year on year to 161.5 billion yen

*1. Drug & Device: Products offering added value through the combination of pharmaceuticals and medical devices

*2. DM: The business handling diabetes mellitus-related products

Principal products

General Hospital Products business	Syringes, needles, vacuum blood collection tubes, infusion sets, intravenous catheters, infusion pumps, syringe pumps, etc.
DM and Consumer Healthcare business	Blood glucose monitoring systems, digital thermometers, blood pressure monitors, etc.
Pharmaceutical and Nutrition business	Parenteral infusions, nutrient solutions for total parenteral nutrition, nutritious foods, CAPD system, etc.
D&D business	prefilled syringes, pain management-related products, etc.

Blood Management Company

Sales of automated blood component collection systems continued double-digit growth in emerging-market countries in Latin America and Asia. Sales of therapeutic apheresis^{*1} systems rose strongly as the number of cases increased mainly in Europe.

In Japan, amid a continuous decrease in the number of blood donations, lower demand for blood bags had a negative impact.

As a result, sales increased 4.2% year on year to 98.9 billion yen.

*1. Therapeutic apheresis: A therapy for removing a pathogenic substance from patients by extracorporeal circulation of blood

Principal products

Blood Management business	Blood bags, automated blood component collection systems, automated blood component processing devices, therapeutic apheresis systems, cell expansion systems, etc.
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Sales by Geographic Segment

(Millions of yen)

	99th term Fiscal 2013 From April 1, 2013 to March 31, 2014		100th term Fiscal 2014 From April 1, 2014 to March 31, 2015		Change (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Japan	189,041	40.4	183,146	37.4	(3.1)
Europe	96,892	20.7	104,600	21.4	8.0
Americas	110,972	23.8	125,310	25.6	12.9
Asia and Others	70,452	15.1	76,448	15.6	8.5
Total	467,359	100.0	489,506	100.0	4.7

Research & Development

In the Cardiac & Vascular Company, Terumo received CE Mark approval for its drug-eluting stent (DES), Ultimaster. By coating only the side of the stent that comes into contact with blood vessels with biodegradable polymer and an anti-restenotic drug, Ultimaster is expected to contribute to reduction of cases of stent thrombosis^{*1} arising in stent therapy. The Company launched Ultimaster in Europe, Latin America, and Asia (excluding Japan) in June 2014. In addition, the Company decided to establish a development base in Southern California, the U.S., for the coronary and peripheral interventional therapeutic area. MicroVention, Inc., Terumo's subsidiary, is based in Southern California. By leveraging MicroVention's capability and networking resources, Terumo will put in place systems for accelerating growth of the interventional systems business in the U.S, the largest market. The new development base is scheduled to start operation in fiscal 2017.

In regard to the General Hospital Company, we obtained approval in Japan for manufacture and sales of NICOPELIQ peritoneal dialysis^{*2} fluid, the world first neutralized peritoneal dialysis solution containing icodextrin, and started sales. Neutralization of dialysis solution is expected to reduce the impact on dialysis patients' peritoneal function and abdominal pain during fluid introduction. The Company also developed an intradermal seasonal influenza vaccine^{*3} in collaboration with Daiichi Sankyo Company, Limited and filed an application in Japan for the manufacture and sales approval. This product, the first intradermal injection device in Japan, offers a more easy-to-use, surefire method of administering the vaccine than current methods.

In addition, as part of its initiatives for regenerative therapy, the Company filed an application in Japan in October 2014 for the manufacture and sales approval of its autologous skeletal myoblast sheets. Muscle tissues are taken from a patient's thigh and skeletal myoblasts inside them are cultured to produce cell sheets. The condition of severe heart failure is expected to improve by affixing these sheets to cover damaged sites of the patient's heart muscle. If it is approved, the sheets will be the world's first product to be used as a cardiac regenerative therapy and are expected to become one of the new options in treating heart failure patients.

*1. Stent thrombosis: A complication in which thrombus formed in a stent placed in a blood vessel clogs the stent

*2. Peritoneal dialysis: An alternative treatment for patients with kidney failure. Patients themselves perform this process at home or elsewhere to remove water and wastes from the body via the peritoneum by introducing dialysis fluid through an abdominal cavity

*3. Intradermal injection: An injection method with which vaccine is administered into the dermis, a layer of the skin that contains a large amount of immune cells. Intradermal injection is expected to enhance the vaccine effect.

(2) Issues to be Addressed

In order to accelerate the initiatives to achieve sustainable and profitable growth, Terumo is promoting globally aligned Business-led Management. Through this initiative, we will clarify the responsibility for earnings in each business and accelerate the decision-making processes by delegation of authority, while strengthening the global headquarters functions to support each business.

Enhancement of corporate governance

With the aim of strengthening corporate governance systems, based on the viewpoints stated below, the Company will effect a transition to a Company with an Audit/Supervisory Committee, which is a new system under the Corporation Law, provided that it is approved at the 100th Annual General Meeting of Shareholders.

- (1) To strengthen audit and supervisory functions
- (2) To enhance management transparency and objectivity
- (3) To accelerate decision-making
- (4) To gain understanding of overseas stakeholders

Together with initiatives to ensure compliance with the Corporate Governance Code applicable to listed companies, Terumo will strengthen overall administration, including that of Group companies, and accelerate business execution and decision-making.

Strengthening of global headquarters functions

In order to strengthen the global headquarters functions by swiftly responding to the increasing complexity of management, the Company will appoint persons to be in charge of the six key functions, namely, finance & accounting, compliance, R&D, regulatory affairs, quality control, and IT. The aim is to promote corporate strategy and optimization throughout the Company. We expect the introduction of these positions coupled with Business-led Management will lead to prosperity of Terumo as a whole.

Cardiac & Vascular Company

The Cardiac & Vascular Company plans to actively develop growth businesses and promote improved profit management to enhance its competitive edge in global markets. In the interventional systems business, the company aims to continue to expand sales of Ultimaster, a drug-eluting stent, in Europe and Asia, and also launch sales in Japan. In the peripheral intervention market the company is scheduled to launch sales in the United States of Misago, a stent used in the treatment of peripheral artery disease, and accelerate the global expansion of new products, including the PTA balloon catheter. In the neurovascular business, the company continues to aim for a high level of growth as it plans to expand sales of products, including a neurovascular stroke device (clot retriever). In the CV systems business, the United States Food and Drug Administration (FDA) lifted sales restrictions on an intraoperative monitoring system being handled by US-based Terumo Cardiovascular Systems Corporation, and the subsidiary will begin production and sales.

General Hospital Company

The General Hospital Company is set to tackle the improvement of profitability via the sales expansion of its high-value-added products and fully fledged profit management. In the general hospital products business, the company aims to promote the spread of high-value-added products that contribute to improved medical safety and efficacy, including the SURPLUG AD, a closed infusion system. In the D&D business, the company looks to promote strategic partnerships globally. Meanwhile, in the DM and consumer healthcare business, the company plans to expand business operations by promoting the HR Joint, which is equipped with data communications functions to transmit blood glucose level, body temperature, blood pressure and other information.

Blood Management Company

The Blood Management Company plans to establish business infrastructure that will facilitate response to growing demand in emerging countries and to improve cost competitiveness in developed countries. The company expects an expansion in developed countries of the field of therapeutic apheresis. The company also intends to make wide-ranging proposals of blood component collection systems and other products for efficient collection and processing of blood components to expand business. In Asia and Latin America, where demand for medical care is growing, the company aims to expand its business by introducing new product offerings that will contribute to an improvement in medical safety and efficacy. The company is also smoothly moving forward with the integration of its production system globally. Consequently, the company plans to gear up for the launch of production at its factory in the southern region of Vietnam.

Through these initiatives, Terumo will strive to achieve the financial targets for fiscal 2015 and sustainable growth far into the future.

Forecast of Consolidated Results

(Millions of yen)

	100th term Fiscal 2014 From April 1, 2014 to March 31, 2015	101st term Fiscal 2015 From April 1, 2015 to March 31, 2016	Change	Change (%)
Net Sales	489,506	520,000	30,493	6.2
Operating Income	67,456	70,000	2,543	3.8
Operating income ratio	13.8%	13.5%	—	—
Ordinary Income	70,730	67,000	(3,730)	(5.3)
Net Income	38,470	39,500	1,029	2.7

Note: The information disclosed by the Company contains forecasts of financial performance and other forward-looking statements. Such statements are based on information currently available to the Company and certain assumptions deemed reasonable and do not represent the Company's assurance as to their realization. It should be noted that actual results may differ from these forecasts due to various factors, which include, but are not limited to, changes in economic conditions surrounding the Company's business fields, foreign currency exchange rate fluctuations, and the state of competition.

(3) Principal Business

The Group manufactures and sells medical products and equipment, including pharmaceuticals, various disposable medical devices, and medical systems. Principal products are listed on Pages 26-28.

(4) Capital Investment

Capital investment in the fiscal year ended March 31, 2015 amounted to 41.4 billion yen on a construction basis. Principal items are as follows:

Main facilities under construction

- Terumo Yamaguchi Corporation: Production facilities for medical devices
- Terumo Yamaguchi D&D Corporation: Production facilities for pharmaceuticals

(5) Financing

The Company issued euro-yen convertible bond-type bonds with subscription rights to shares due in 2019 amounting to ¥50.0 billion and euro-yen convertible bond-type bonds with subscription rights to shares due in 2021 amounting to ¥50.0 billion on December 4, 2014.

(6) Principal Lenders (as of March 31, 2015)

Lender	Outstanding borrowings (Billions of yen)
Development Bank of Japan Inc.	30.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	19.7
Mizuho Bank, Ltd.	15.0
Mitsubishi UFJ Trust and Banking Corporation	10.0
Mizuho Trust & Banking Co., Ltd.	10.0

(7) Employees (as of March 31, 2015)

1) The Group

Number of employees	Increase (Decrease) from the previous fiscal year-end
19,934	+671

2) The Company

Number of employees	Increase (Decrease) from the previous fiscal year-end	Average age	Average service years
4,799	+35	41.3	18.4

Note: The number of employees indicated is the number of full-time employees.

(8) Principal Offices, Factories and Significant Subsidiaries (as of March 31, 2015)

1) Terumo Corporation

Head Office	44-1, 2-chome, Hatagaya, Shibuya-ku, Tokyo
Tokyo Office	Shinjuku-ku, Tokyo
R&D Center	Nakai-machi, Ashigarakami-gun, Kanagawa Prefecture
Factories	Fujinomiya Factory (Fujinomiya-shi, Shizuoka Prefecture) Ashitaka Factory (Fujinomiya-shi, Shizuoka Prefecture) Kofu Factory (Showa-cho, Nakakoma-gun, Yamanashi Prefecture)
Sales Offices in Japan	Branch Offices Sapporo, Tohoku, Niigata, Utsunomiya, Matsumoto, Saitama, Higashi-Kanto, Tokyo, Tokyo-Chuo, Yokohama, Shizuoka, Nagoya, Kanazawa, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka, , Kagoshima, Okinawa
Overseas Offices	Branch Offices Taipei, Dubai, Chennai

2) Significant Subsidiaries

Company name	Location	Capital	The Company's percentage of equity participation (%)	Principal business
Terumo Europe N.V.	Belgium	EUR 301,195 thousand	100	Manufacturing and sales of products for Cardiac & Vascular Company and General Hospital Company
Terumo Americas Holding, Inc.	U.S.A.	USD 1,659,006 thousand	100	Supervision of subsidiaries in the Americas
Terumo Medical Corporation	U.S.A.	USD 39,443 thousand	100	Manufacturing and sales of products for Cardiac & Vascular Company and General Hospital Company
Terumo BCT Holding Corp.	U.S.A.	USD 1,180,288 thousand	100	Supervision of subsidiaries under the Terumo BCT Group
Terumo BCT, Inc.	U.S.A.	USD 951,863 thousand	100	Manufacturing and sales of products for Blood Management Company
Terumo (China) Holding Co., Ltd.	China	CNY 963,259 thousand	100	Supervision of subsidiaries in China
Terumo Asia Holdings Pte. Ltd.	Singapore	SGD 30,127 thousand	100	Supervision of sales subsidiaries in Asia (other than China)

Note: The Company's percentage of equity participation includes indirect ownership by subsidiaries.

(9) Other Significant Matters concerning the Group's Current Situation

Not applicable

2. Overview of the Company

(1) Status of Shares (as of March 31, 2015)

1) Number of Shares Authorized	1,519,000,000 shares
2) Number of Shares Issued	379,760,520 shares
3) Number of Shareholders	28,125
4) Major Shareholders (10 largest shareholders)	

Shareholder name	Number of shares held	Percentage of shares held
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,562	9.1
Japan Trustee Services Bank, Ltd. (Trust Account)	21,282	5.6
The Dai-ichi Life Insurance Company, Limited	20,259	5.3
Meiji Yasuda Life Insurance Company	13,568	3.6
STATE STREET BANK AND TRUST COMPANY 505223	11,981	3.2
Mizuho Bank, Ltd.	10,752	2.8
Olympus Corporation	9,430	2.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,271	2.2
Mitsubishi UFJ Trust and Banking Corporation	7,662	2.0
Terumo Life Science Foundation	7,360	1.9

- Notes: 1. Treasury stock (931 thousand shares) is excluded for calculation of the percentage of shares held.
2. Of the number of shares held by The Dai-ichi Life Insurance Company, Limited, 3,000 thousand shares are shares concerning retirement benefit trust contributed by The Dai-ichi Life Insurance Company. (The shareholder of record is "Trust & Custody Services Bank, Ltd. as trustee for The Dai-ichi Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." The Dai-ichi Life Insurance Company, Limited is authorized to give directions concerning exercise of the voting rights for these shares.)
3. Of the number of shares held by Mizuho Bank, Ltd., 6,518 thousand shares are shares concerning retirement benefit trust contributed by Mizuho Bank. (The shareholder of record is "Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. Mizuho Corporate Bank, Ltd. is authorized to give directions concerning exercise of the voting rights for these shares.)

(2) Matters concerning Stock Acquisition Rights Issued by the Company

1) Overview of Stock Acquisition Rights Held by the Company's Directors and Audit and Supervisory Board Members as of March 31, 2015

	First issue of stock acquisition rights	Second issue of stock acquisition rights
Date of resolution of issuance	August 1, 2013	August 6, 2014
Number of stock acquisition rights	19,007	17,385
Number of holders	7 directors	9 directors
Class and number of shares to be issued upon exercise of stock acquisition rights	38,014 shares of common stock	34,770 shares of common stock
Issue price	¥4,180	¥4,610
Exercise price	¥1	¥1
Period for exercise of stock acquisition rights	From August 23, 2013 to August 22, 2043	From August 28, 2014 to August 27, 2044

2) Overview of Stock Acquisition Rights Allotted to the Company's Employees etc.

	First issue of stock acquisition rights	Second issue of stock acquisition rights
Date of resolution of issuance	August 1, 2013	August 6, 2014
Number of stock acquisition rights	4,764	10,290
Number of employees to whom the stock acquisition rights were allotted	6 senior executive officers	26 executive officers and senior executive officers
Class and number of shares to be issued upon exercise of stock acquisition rights	9,528 shares of common stock	20,580 shares of common stock
Issue price	¥4,180	¥4,610
Exercise price	¥1	¥1
Period for exercise of stock acquisition rights	From August 23, 2013 to August 22, 2043	From August 28, 2014 to August 27, 2044

3) Other Important Matters concerning Stock Acquisition Rights (as of March 31, 2015)

Details of the stock acquisition rights granted with respect to the euro-yen convertible bond-type bonds with subscription rights to shares issued in accordance with the resolution of the Board of Directors on November 18, 2014 are as stated below:

	Due in 2019	Due in 2021
Number of stock acquisition rights	5,000	5,000
Class and number of shares to be issued upon exercise of stock acquisition rights	12,843,565 shares of common stock	12,843,565 shares of common stock
Exercise price	¥3,893	¥3,893
Exercise period	From December 18, 2014 to November 20, 2019	From December 18, 2014 to November 22, 2021
Balance of bonds with subscription rights to shares	¥50.0 billion	¥50.0 billion

(3) Company Officers

1) Directors and Audit and Supervisory Board Members (as of March 31, 2015)

Position at the Company	Name	Responsibilities and significant concurrent positions
Chairman and Representative Director	Koji Nakao	Chairman, Japan Federation of Medical Devices Association Chairman, Medical Technology Association of Japan
President and Representative Director	Yutaro Shintaku	
Director and Executive Vice President	Hiroshi Matsumura	President, General Hospital Company
Director and Senior Managing Executive Officer	Takayoshi Mimura	Regional Representative, China President, Terumo (China) Holdings Co., Ltd. Terumo Call Center
Director and Senior Managing Executive Officer	Akira Oguma	General Affairs Dept. Supply Chain Management Dept. IT Planning Dept. Procurement Dept.
Director and Senior Executive Officer	Hideo Arase	Regional Representative, Latin America President & CEO, Terumo Americas Holding, Inc.
Director and Senior Executive Officer	Kuniko Shoji	General Manager of Regulatory Affairs Dept. Clinical Development Dept.
Director and Senior Executive Officer	Toshiaki Takagi	Quality Assurance Dept. Post-Market Surveillance and Vigilance Dept. Environmental Management Dept.
Director and Senior Executive Officer	Shinjiro Sato	President, Cardiac & Vascular Company
Director and Senior Executive Officer	David Perez	President, Blood Management Company President and CEO, Terumo BCT, Holding Corp.
Independent Director	Tadao Kakizoe	President, Japan Cancer Society Independent Director, Nippon Television Network Corporation
Independent Director	Mari Matsunaga	Representative, Mari Matsunaga Office, Inc. Independent Director, MS&AD Insurance Group Holdings, Inc. Independent Director, BRAINS Network Co., Ltd. Independent Director, ROHTO Pharmaceutical Co., Ltd.
Independent Director	Ikuo Mori	Advisor, Fuji Heavy Industries Ltd.
Audit and Supervisory Board Member (Full-time)	Kenji Sekine	
Audit and Supervisory Board Member (Full-time)	Yoshiaki Shiraishi	
Audit and Supervisory Board Member (External)	Toshihiko Matsumiya	Representative, Toshihiko Matsumiya Certified Public Accountant Office External Corporate Auditor, Mitsubishi Research Institute, Inc. External Corporate Auditor, Daiichi Jitsugyo Co., Ltd.
Audit and Supervisory Board Member (External)	Masatake Yone	Lawyer (partner in Mori Hamada & Matsumoto Law Firm) External Corporate Auditor, THK Co., Ltd. Independent Director, GCA Savvian Corporation External Corporate Auditor, NAMCO BANDAI

		Games Inc. (present BANDAI NAMCO Entertainment Inc.)
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- Notes: 1. No material conflict of interest exists between the Company and the aforementioned corporations where Independent Directors Mr. Tadao Kakizoe, Ms. Mari Matsunaga, and Mr. Ikuo Mori concurrently hold positions.
2. Audit and Supervisory Board Member (External) Mr. Toshihiko Matsumiya is a certified public accountant and has considerable financial and accounting knowledge.
3. The Company has submitted notifications to the Tokyo Stock Exchange of the appointment of Independent Directors Mr. Tadao Kakizoe, Ms. Mari Matsunaga, and Mr. Ikuo Mori and Audit and Supervisory Board Member (External) Mr. Toshihiko Matsumiya as an independent director/auditor as defined by the Tokyo Stock Exchange.
4. Audit and Supervisory Board Member (External) Mr. Masatake Yone satisfies the criteria for serving as an independent director/auditor as defined by the Tokyo Stock Exchange. However, in accordance with the rule of the firm that he serves, the Company has not submitted notification of the appointment of him as an independent director/auditor.

2) Remuneration to Directors and Audit and Supervisory Board Members

Category	Number of persons	Amount paid (Millions of yen)
Directors	14	454
Audit and Supervisory Board Members	4	61
Total (of which outside officers)	18 (6)	515 (49)

- Notes: 1. The above amount paid includes the total amount of bonuses to directors amounting to ¥142 million based on the proposal on "Payment of Bonuses to Directors," which will be submitted to the 100th Annual General Meeting of Shareholders to be held on June 24, 2015.
2. The amount of remuneration includes stock-based compensation stock option in the form of stock acquisition rights allotted to directors amounting to ¥80 million.

3) Outside Officers

i) Principal activities in the fiscal year ended March 31, 2015

Name	Position	Main activities
Tadao Kakizoe	Independent Director	Attended 11 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2015; provided opinions, as necessary, based mainly on his expert knowledge and experience, including his research achievements in the field of cancer treatment.
Mari Matsunaga	Independent Director	Attended 13 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2015; provided opinions, as necessary, based mainly on her wealth of experience in development of new products and services.
Ikuo Mori	Independent Director	Attended 9 out of 9 meetings of the Board of Directors held after his appointment as an independent director on June 24, 2014; provided opinions, as necessary, based mainly on his wealth of experience in management.
Toshihiko Matsumiya	Audit and Supervisory Board Member (External)	Attended 12 out of 13 meetings of the Board of Directors and 11 out of 12 meetings of the Audit and Supervisory Board held in the fiscal year ended March 31, 2015; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a certified public accountant.
Masatake Yone	Audit and Supervisory Board Member (External)	Attended 12 out of 13 meetings of the Board of Directors and 11 out of 12 meetings of the Audit and Supervisory Board held in the fiscal year ended March 31, 2015; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer.

ii) Outline of the liability limitation contracts

The Company has concluded a liability limitation contract with each of its independent directors and Audit and Supervisory Board Members (External) under Article 423, Paragraph 1 of the Corporation Law, in accordance with the provision of Article 427, Paragraph 1 of the aforementioned law. The maximum amount of liability under the contract shall be the amount prescribed in Article 425, Paragraph 1 of the Corporation Law for either an independent director or an Audit and Supervisory Board Member (External).

(4) Accounting Auditors

1) Accounting Auditor's Name

KPMG AZSA LLC

2) Remuneration etc.

	Amount paid (millions of yen)
Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2015	77
Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	128

- Notes: 1. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Corporation Law and that for audits based on the Financial Instruments and Exchange Law are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2014.
2. KPMG AZSA LLC is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International") and all the Company's significant subsidiaries are audited by other member firms affiliated with KPMG International.

3) Non-audit Services

The Company entrusts the accounting auditor with advisory concerning International Financial Reporting Standards (IFRS), which is a service outside the scope of the professional responsibilities pursuant to Article 2, Paragraph 1 of the Certified Public Accountants Act, and pays fees to the accounting auditor.

4) Policy regarding Determination of Dismissal or Non-reappointment of the Accounting Auditor

In the event that any of the items of Article 340, Paragraph 1, of the Corporation Law is deemed to fit the Accounting Auditor, the Audit and Supervisory Board may dismiss the Accounting Auditor, provided all the Audit and Supervisory Board Members consent to such dismissal.

In addition to the above, in the event that the Accounting Auditor is deemed to have become incapable of executing appropriate audits because of any eventuality inimical to the eligibility of the Accounting Auditor and/or the independence of the Accounting Auditor is compromised, the Board of Directors, upon securing the consent of the Audit and Supervisory Board or upon request of the Audit and Supervisory Board, submits a proposal to the Annual General Meeting of Shareholders that the Accounting Auditor be dismissed or not reappointed.

(5) Corporate Governance Policy

Aspiring to continue to be an enterprise earning the trust of society, Terumo has established the Corporate Governance Policy stated below by the resolution of the Board of Directors.

1) Basic Stance

The corporate mission of Terumo Corporation is “Contributing to Society through Healthcare.” Guided by this mission, the Company provides products and services of real value as it strives to meet the expectations of its many stakeholders worldwide, consisting of customers, shareholders, associates, business partners and communities at large. Achieving sustainable growth and maximizing corporate value over the long term are other key goals for Terumo.

For realizing its corporate mission, Terumo has established the Five Statements: open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions of all Terumo associates.

Underpinned by its corporate mission and the Five Statements, Terumo promotes the creation of frameworks for honest and effective corporate governance. Committed to full accountability in explaining its actions, Terumo strives to continuously earn the understanding and trust of those within and outside the Company.

Terumo believes that a corporate culture to create “a highly motivating and challenging workplace with open and candid communication, imbued with a forward-looking spirit,” is essential for effective corporate governance, and strives diligently to foster such a culture.

2) Corporate Governance Structure

Governance at Terumo is based on a Company with Audit and Supervisory Board Members, in which business execution is supervised by the Board of Directors and the Audit and Supervisory Board is entrusted with the auditing functions. The Company has also established a Corporate Governance Committee and an Internal Control Committee as bodies that serve to enhance the transparency and objectivity of management.

(Directors and Board of Directors)

(1) Role

- a. The Board of Directors decides matters as authorized by relevant laws and regulations, the Articles of Incorporation and its own internal rules.
- b. The Board of Directors monitors the performance of duties by the individual directors and executive officers.
- c. The Board of Directors strives for optimal management decision-making with a view to maximizing corporate value.
- d. The Board of Directors fulfills corporate governance functions.

(2) Composition

- a. The Board of Directors consists of up to 15 directors, 20 percent or more of whom may be independent directors.
- b. Independent directors must satisfy the criteria for serving as independent directors/auditors as defined by the Tokyo Stock Exchange.
- c. The Board of Directors is chaired by the Chairman and Representative Director of Terumo.

(3) Term of office

The term of office for directors is one year, with reappointment possible.

(Audit and Supervisory Board Members and the Audit and Supervisory Board)

(1) Role

- a. Audit and Supervisory Board Members attend meetings of the Board of Directors and other important meetings, audit the execution of duties by the directors, and offer specific advice regarding management, as necessary.
- b. The Audit and Supervisory Board is responsible for the following:
 - Preparation of audit reports
 - Election and dismissal of senior Audit and Supervisory Board Members
 - Determination of audit policies, methods for assessing the status of the Company's operations and financial assets, and other matters pertaining to the duties performed by the Audit and Supervisory Board Members

(2) Composition

- a. The Audit and Supervisory Board consists of up to five Audit and Supervisory Board Members, more than half of whom must be Audit and Supervisory Board Members (External).
- b. Audit and Supervisory Board Members (External) must meet the terms stipulated by Corporation Law of Japan and satisfy the criteria for serving as independent directors/auditors as defined by the Tokyo Stock Exchange.
- c. The chair of the Audit and Supervisory Board is elected by resolution from among the Audit and Supervisory Board Members.

(3) Term of office

The term of office for Audit and Supervisory Board Members is four years, with reappointment possible.

In addition to the legally prescribed bodies detailed above, the Company has established the bodies described below with a view to further enhancing corporate governance.

(Corporate Governance Committee)

(1) Role

The Corporate Governance Committee deliberates and advises on the following matters in order to heighten the fairness of the Board of Directors and management transparency.

- Corporate governance structure enhancement
- Selection of candidates for the positions of director, Audit and Supervisory Board Member and executive officer
- Establishment of remuneration systems for directors, Audit and Supervisory Board Members and executive officers

(2) Composition

The Corporate Governance Committee is comprised of a maximum of six members drawn from independent directors, representative directors and other individuals named by the committee chair. More than half of the membership must be independent directors who satisfy the criteria for serving as independent directors/auditors as defined by the Tokyo Stock Exchange.

(3) Committee Chair

The chair of the Corporate Governance Committee is selected from among the independent directors by vote of the committee members.

(Internal Control Committee)

(1) Role

The Internal Control Committee promotes risk management and compliance with respect to management, and administers the legally mandated and timely disclosure of corporate information.

(2) Composition

The Internal Control Committee is comprised of directors appointed by the committee chair, general managers of relevant divisions, as well as the heads of specialized groups, the Internal Audit Department and the Internal Control Department.

Audit and Supervisory Board Members shall attend the meetings of the Internal Control Committee.

(3) Committee Chair

The Internal Control Committee is chaired by the President and Representative Director of the Company.

(6) Systems to Ensure the Appropriateness of Operations

The Company has established the Basic Policy on Internal Control Systems stated below by the resolution of the Board of Directors.

1) Systems to Ensure the Execution of Duties by Directors and Employees is Legally Compliant and in accordance with the Articles of Incorporation

- i) The Company strives to ensure compliance with the Code of Conduct of the Terumo Group and confirm that each of the Group's directors and employees understands the Code of Conduct of the Terumo Group. The Company continues education and consciousness-raising activities to cultivate employees' ethics and enhance awareness concerning compliance.
- ii) The Internal Control Committee deliberates on compliance and other important matters and periodically reports the results to the Board of Directors.
- iii) The Internal Audit Department audits the Group's compliance situation and periodically reports the results to the Representative Director and the Audit and Supervisory Board.
- iv) Concerning any behavior that is questionable in the light of laws and regulations, the Company facilitates use of whistle-blowing systems (including the Corporate Ethics Hotline).

2) Systems for Storage and Management of Information related to Execution of Duties by Directors

- i) The Company records and stores information related to Directors' execution of duties in documents or in electromagnetic media (hereinafter referred to as "Documents") in accordance with the Document Management Standards.
- ii) Directors and Audit and Supervisory Board Members have the right to access these Documents at any time.

3) Rules and Other Systems for Management of Risk of Loss

- i) Concerning specific risks related to quality, compliance, disaster, the environment, information security, etc., each department responsible for a specific risk category provides education and guidance to employees in accordance with the rules, manuals, etc.
- ii) The Internal Control Committee deliberates on important matters concerning risk management and establishes the Group's risk management structure from a cross-departmental perspective and in view of total optimization through collaboration with specific departments and compliance officers of the Group companies. The Internal Audit Department promotes the Group's risk management structure.

4) Systems to Ensure Efficient Execution of Duties by Directors

In order to accomplish the medium-term management plan and the annual plan approved by the Board of Directors with a view to enhancing the Group's corporate value and advancing shareholders' common interests, decision-making and specific meetings, such as the Executive Management Meeting whose members consist of Directors and Executive Officers, the Company Management Meeting, and the Market and Product Strategy Meeting, from their specialist perspectives, provide support and

guidance to divisions and departments in order to enhance their efficiency and accelerate their decision-making processes, and supervise them.

5) Systems to Ensure the Appropriateness of Operations by the Group

- i) The Internal Control Committee, through close collaboration with the Company's divisional heads and the Group companies' compliance officers, strengthens the systems for swift and efficient communication of instructions, reporting, etc. related to the appropriateness of operations within the Group. The Internal Control Department promotes these systems.
- ii) The Internal Audit Department conducts internal audits of the Group and periodically reports the results to the Representative Director and the Audit and Supervisory Board.

6) Matters concerning Employees who Provide Assistance to Audit and Supervisory Board Members in Their Duties in the case that Audit and Supervisory Board Members Request Assignment of Such Employees and Matters concerning the Independence of Such Employees from Directors

The Auditors Office with staff who are exclusively assigned to the Auditors Office provides assistance in audits. Performance assessment and transfer of such staff requires consent of the Audit and Supervisory Board.

7) Systems for Reporting by Directors and Employees to Audit and Supervisory Board Members and Other Systems for Reporting to Audit and Supervisory Board Members

- i) In addition to statutory reporting requirements, Directors or employees report to Audit and Supervisory Board Members, as necessary, in accordance with the Internal Rules concerning Reporting by Directors and Employees to Audit and Supervisory Board Members.
- ii) When deemed necessary, Audit and Supervisory Board Members may request Directors or employees to report to them.

8) Other Systems to Ensure Effective Audits by Audit and Supervisory Board Members

- i) The Representative Director holds periodic meetings with the Audit and Supervisory Board to exchange opinions.
- ii) Audit and Supervisory Board Members may participate in the Executive Management Meeting and other important meetings.
- iii) In addition to monthly meetings with the Internal Audit Department and periodic meetings with the Accounting Auditor, the Audit and Supervisory Board holds meetings with the Internal Audit Department and the Accounting Auditor, as necessary.

(7) Basic Policies regarding the Company's Control

1) Basic Policy regarding Persons Who Control Decisions on the Company's Financial and Business Policies

The Company does not reject the notion that the transfer of managerial control may vitalize business and the economy. However, in the event of any attempt to make a large-scale purchase of shares, in principle it should be left to the judgment of the Company's shareholders whether such a purchase is to be accepted. At the same time, the Company acknowledges that the prudent judgment of shareholders is essential for determining the impact of such large-scale purchase of shares and related proposals that have a bearing on corporate value and shareholders' common interests, considering the business, business plans, past investment behavior, and other information concerning the purchaser. Accordingly, the Company considers that necessary and sufficient information, opinions, proposals, etc. should be provided to the Company's shareholders by both the large-scale purchaser and the Company's Board of Directors, as well as necessary and sufficient time to review such information.

In accordance with this basic policy, the Board of Directors of the Company has specified procedures in the countermeasures for attempts of large-scale purchase of the Company's shares and any large-scale purchaser is required to comply with these procedures. In the event that a large-scale purchaser does not comply with the procedures or in the event that, even if a large-scale purchaser complies with the procedures, it is clear that the large-scale purchase would cause irrevocable damage to the Company or is substantially detrimental to corporate value or shareholders' common interests, the Company's Board of Directors intends to implement certain measures.

2) Measures to Realize the Business Policies

- i) Measures to enhance the Company's corporate value and advance shareholders' common interests

a. Corporate mission and basic approach for management

Since its foundation in 1921, guided by the corporate mission of “Contributing to Society through Healthcare,” the Company has been striving to promote the progress of healthcare and enhance safety as a leader in the Japanese medical devices industry, while at the same time endeavoring to enhance corporate value and advance shareholders’ common interests. As a result of management true to the founding spirit, the Company has established the brand and business foundation in Japan and abroad and supplies high-quality medical devices to customers in over 160 countries around the world.

b. Concrete initiatives

The market environment surrounding the global medical devices industry is at a turning point owing to the slowing market growth and initiatives to curtail healthcare costs in developed countries, and downward pressure on prices in emerging-market countries. However, the Company believes the business segments in which Terumo operates will continue to offer opportunities for growth. For example, intravascular intervention is no longer limited to the arteries of the heart and is also applied to those in the brain and the legs, as well as other parts of the body. Furthermore, in the blood management business, in addition to blood transfusion, demand for therapeutic apheresis for immune disorders is growing. In the general hospital business, there are growing needs for safety products that help prevent medical errors and reduce the risk of infections. There are also increasing needs for needles, etc. whose use involves less discomfort. Aiming to seize such opportunities and thus continue contributing to society through healthcare, Terumo is working to achieve sustainable and profitable growth and create innovation through development of products attuned to the needs of healthcare professionals with the goal of establishing a greater global presence.

ii) The Company’s social mission

As a leading enterprise in the field of medical devices, the Company has established relationships of trust with medical professionals over the long term and contributed to society through healthcare. The Company believes that the fulfillment of its social responsibility hinges on ensuring the stable supply of excellent products, services, and systems of high quality and vigorously tackling various social issues related to healthcare from the viewpoints of patients and healthcare professionals in order to contribute to their resolution. In accordance with this policy, the Company continues its effort to fulfill a vital role in global healthcare systems through supply of products and quality assurance that ensure safety and reliability in the healthcare field.

In the event of an attempt to purchase the Company’s shares that is inimical to the stable supply and/or quality of the Company’s products, people’s health may be seriously affected and their lives may be placed in jeopardy. Through stable management of the Company over the long term to ensure such an eventuality never arises, the Company maintains and enhances the confidence of society and healthcare professionals in the Company while contributing to corporate value and advancing shareholders’ common interests.

iii) Strengthening of corporate governance

Measures concerning corporate governance are stated on Pages 42-44.

3) Measures to Prevent Decisions on the Company’s Financial and Business Policies from Being Controlled by Persons Who Are Inappropriate in view of the Basic Policies

As measures to secure and enhance the Company’s corporate value and advance shareholders’ common interests, for the purpose of preventing any purchase substantially detrimental to the Company’s corporate value and shareholders’ common interests, the Company introduced countermeasures for attempts to make large-scale purchases of the Company’s shares (takeover defense measures) following the approval by shareholders at the Annual General Meeting of Shareholders held on June 27, 2008. Then, the Company renewed the takeover defense measures following the approval by shareholders at the Annual General Meeting of Shareholders held on June 29, 2011 (renewed takeover defense measures are hereinafter referred to as the “Former Plan”). The Company reviewed the Former Plan prior to its expiry in light of the trend of discussion on takeover defense measures, and as a result renewed the Former Plan following the approval by shareholders at the Annual General Meeting of Shareholders held on June 24, 2014 (renewed takeover defense measures are hereinafter referred to as the “Current Plan”), For details of the Current Plan, please refer to the press release posted on the Company’s website at <http://www.terumo.co.jp/pressrelease/baishubouei.html>.

4) The Company's Board of Directors' View concerning Specific Measures and the Reason

The sound implementation of the growth strategy for realizing the Company's long-term goal described in 2) above leads to securing and enhancing the Company's corporate value and advancing shareholders' common interests, and is in accordance with the Company's basic policies.

The objective of the Current Plan described in 3) above is to secure opportunities for shareholders to carefully consider whether they should accept attempts to make large-scale purchases of the Company's shares by requiring large-scale purchasers to provide necessary information in advance and securing a certain period of time for consideration. Thus, the Board of Directors considers that the Current Plan is in accordance with the Company's basic policies. Moreover, the Board of Directors considers that the Plan is not detrimental to shareholders' common interests and is not for the purpose of maintaining the positions of the Company's officers because a) the Plan was disclosed in advance in order to enhance predictability for shareholders, investors, and large-scale purchasers, b) the Plan was approved by shareholders at the Annual General Meeting of Shareholders held on June 24, 2014, and c) in order to prevent use of the Plan for the purpose of management's self-protection, an independent committee is to be set up and the Company's Board of Directors is required to make a decision on implementation of countermeasures in accordance with the recommendation of the independent committee.

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Remarks

Amounts and numbers of shares stated in this operations report are rounded down to the nearest unit, while net income per share, amounts indicated in billions of yen, and percentage figures are rounded to the nearest unit.

On October 1, 2014, classification for performance management of certain overseas subsidiaries was changed. This change is reflected in sales for the 98th term and the 99th term retrospectively.

# Consolidated Financial Statements

(From April 1, 2014 to March 31, 2015)

## Consolidated Balance Sheet

Fiscal Year 2014 (As of March 31, 2015)

(Millions of yen)

| Account item                         | Amount         | Account item                                                   | Amount         |
|--------------------------------------|----------------|----------------------------------------------------------------|----------------|
| <b>(Assets)</b>                      |                | <b>(Liabilities)</b>                                           |                |
| <b>Current assets</b>                | <b>412,458</b> | <b>Current liabilities</b>                                     | <b>129,947</b> |
| Cash and deposits                    | 129,679        | Notes and accounts payable-trade                               | 38,484         |
| Notes and accounts receivable-trade  | 104,944        | Short-term loans payable                                       | 364            |
| Securities                           | 50,000         | Current portion of long-term loans payable                     | 5,417          |
| Merchandise and finished goods       | 65,295         | Lease obligations                                              | 208            |
| Work in process                      | 10,228         | Income taxes payable                                           | 19,714         |
| Raw materials and supplies           | 25,948         | Deferred tax liabilities                                       | 105            |
| Deferred tax assets                  | 13,949         | Provision for bonuses                                          | 5,560          |
| Other                                | 13,871         | Provision for directors' bonuses                               | 142            |
| Allowance for doubtful accounts      | (1,458)        | Notes and accounts payable-facilities                          | 8,667          |
| <b>Noncurrent assets</b>             | <b>575,842</b> | Other                                                          | 51,282         |
| <b>Property, plant and equipment</b> | <b>178,496</b> | <b>Noncurrent liabilities</b>                                  | <b>288,602</b> |
| Buildings and structures             | 60,783         | Bonds payable                                                  | 40,000         |
| Machinery, equipment and vehicles    | 45,616         | Convertible bond-type bonds with subscription rights to shares | 100,233        |
| Land                                 | 22,023         | Long-term loans payable                                        | 79,141         |
| Lease assets                         | 895            | Lease obligations                                              | 278            |
| Construction in progress             | 39,029         | Deferred tax liabilities                                       | 50,013         |
| Other                                | 10,147         | Provision for directors' retirement benefits                   | 66             |
| <b>Intangible assets</b>             | <b>331,990</b> | Retirement benefit liability                                   | 7,020          |
| Goodwill                             | 166,990        | Asset retirement obligations                                   | 233            |
| Customer relationships               | 103,217        | Other                                                          | 11,615         |
| Other                                | 61,781         | <b>Total liabilities</b>                                       | <b>418,550</b> |
| <b>Investments and other assets</b>  | <b>65,355</b>  |                                                                |                |
| Investment securities                | 45,461         | <b>(Net assets)</b>                                            |                |
| Deferred tax assets                  | 259            | <b>Shareholders' equity</b>                                    | <b>471,102</b> |
| Net defined benefit asset            | 6,786          | Capital stock                                                  | 38,716         |
| Other                                | 12,847         | Capital surplus                                                | 52,103         |
| <b>Deferred assets</b>               | <b>3,772</b>   | Retained earnings                                              | 383,317        |
|                                      |                | Treasury stock                                                 | (3,035)        |
|                                      |                | <b>Accumulated other comprehensive</b>                         | <b>102,341</b> |

|                     |                |                                                          |                |
|---------------------|----------------|----------------------------------------------------------|----------------|
|                     |                | <b>income</b>                                            |                |
|                     |                | Valuation difference on<br>available-for-sale securities | 16,910         |
|                     |                | Foreign currency translation<br>adjustment               | 89,043         |
|                     |                | Accumulated adjustment for<br>retirement benefit         | (3,611)        |
|                     |                | <b>Subscription rights to shares</b>                     | <b>78</b>      |
|                     |                | <b>Total net assets</b>                                  | <b>573,523</b> |
| <b>Total assets</b> | <b>992,073</b> | <b>Total liabilities and net assets</b>                  | <b>992,073</b> |

## Consolidated Statement of Income

Fiscal Year 2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

| Account item                                             | Amount  |                |
|----------------------------------------------------------|---------|----------------|
| Net sales                                                |         | 489,506        |
| Cost of sales                                            |         | 233,480        |
| <b>Gross profit</b>                                      |         | <b>256,025</b> |
| Selling, general, and administrative expenses            |         | 188,569        |
| <b>Operating income</b>                                  |         | <b>67,456</b>  |
| Non-operating income                                     |         | 8,829          |
| Interest income                                          | 566     |                |
| Dividends income                                         | 365     |                |
| Royalty income                                           | 200     |                |
| Foreign exchange gains                                   | 6,598   |                |
| Other                                                    | 1,098   |                |
| Non-operating expenses                                   |         | 5,555          |
| Interest expenses                                        | 1,254   |                |
| Sales discounts                                          | 417     |                |
| Equity in losses of affiliates                           | 65      |                |
| Loss on disposal of inventories                          | 267     |                |
| Structural reform-related expenses                       | 797     |                |
| Other                                                    | 2,752   |                |
| <b>Ordinary income</b>                                   |         | <b>70,730</b>  |
| Extraordinary income                                     |         | 3,282          |
| Gain on sales of noncurrent assets                       | 692     |                |
| Gain on sales of investment securities                   | 559     |                |
| Gain on adjustment of account payable                    | 2,030   |                |
| Extraordinary loss                                       |         | 9,965          |
| Loss on disposal of noncurrent assets                    | 1,160   |                |
| Impairment loss                                          | 1,625   |                |
| Loss on liquidation of subsidiaries and affiliates       | 597     |                |
| Restructuring loss                                       | 5,607   |                |
| Loss on liquidation of businesses                        | 974     |                |
| <b>Income before income taxes and minority interests</b> |         | <b>64,046</b>  |
| Income taxes                                             |         | 25,575         |
| Income taxes-current                                     | 29,954  |                |
| Income taxes-deferred                                    | (4,378) |                |
| <b>Income before minority interests</b>                  |         | <b>38,470</b>  |
| <b>Net income</b>                                        |         | <b>38,470</b>  |

## Consolidated Statement of Changes in Net Assets

Fiscal Year 2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

|                                                      | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                      | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period           | 38,716               | 52,103          | 353,600           | (24)           | 444,396                    |
| Cumulative effects of changes in accounting policies |                      |                 | 2,258             |                | 2,258                      |
| Beginning of period as restated                      | 38,716               | 52,103          | 355,859           | (24)           | 446,655                    |
| Changes of items during the period                   |                      |                 |                   |                |                            |
| Dividends from surplus                               |                      |                 | (11,012)          |                | (11,012)                   |
| Net income                                           |                      |                 | 38,470            |                | 38,470                     |
| Purchase of treasury stock                           |                      |                 |                   | (3,010)        | (3,010)                    |
| Net changes of items other than shareholders' equity |                      |                 |                   |                |                            |
| Total changes of items during the period             | –                    | –               | 27,458            | (3,010)        | 24,447                     |
| Balance at the end of current period                 | 38,716               | 52,103          | 383,317           | (3,035)        | 471,102                    |

|                                                      | Accumulated other comprehensive income                |                                    |                                         |                                               |                                              | Subscription rights to shares | Total net assets |
|------------------------------------------------------|-------------------------------------------------------|------------------------------------|-----------------------------------------|-----------------------------------------------|----------------------------------------------|-------------------------------|------------------|
|                                                      | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Accumulated adjustment for retirement benefit | Total accumulated other comprehensive income |                               |                  |
| Balance at the beginning of current period           | 11,269                                                | (2)                                | 43,377                                  | (2,816)                                       | 51,828                                       | 20                            | 496,245          |
| Cumulative effects of changes in accounting policies |                                                       |                                    |                                         |                                               |                                              |                               | 2,258            |
| Beginning of period as restated                      | 11,269                                                | (2)                                | 43,377                                  | (2,816)                                       | 51,828                                       | 20                            | 498,504          |
| Changes of items during the period                   |                                                       |                                    |                                         |                                               |                                              |                               |                  |
| Dividends from surplus                               |                                                       |                                    |                                         |                                               |                                              |                               | (11,012)         |
| Net income                                           |                                                       |                                    |                                         |                                               |                                              |                               | 38,470           |
| Purchase of treasury stock                           |                                                       |                                    |                                         |                                               |                                              |                               | (3,010)          |
| Net changes of items other than shareholders' equity | 5,640                                                 | 2                                  | 45,665                                  | (795)                                         | 50,513                                       | 58                            | 50,571           |
| Total changes of items during the period             | 5,640                                                 | 2                                  | 45,665                                  | (795)                                         | 50,513                                       | 58                            | 75,019           |
| Balance at the end of current period                 | 16,910                                                | -                                  | 89,043                                  | (3,611)                                       | 102,341                                      | 78                            | 573,523          |

# **Non-consolidated Financial Statements**

(From April 1, 2014 to March 31, 2015)

## **Non-consolidated Balance Sheet**

Fiscal Year 2014 (As of March 31, 2015)

(Millions of yen)

| Account item                                                | Amount         | Account item                                                   | Amount         |
|-------------------------------------------------------------|----------------|----------------------------------------------------------------|----------------|
| <b>(Assets)</b>                                             |                | <b>(Liabilities)</b>                                           |                |
| <b>Current assets</b>                                       | <b>268,955</b> | <b>Current liabilities</b>                                     | <b>95,308</b>  |
| Cash and deposits                                           | 55,722         | Notes payable-trade                                            | 1,868          |
| Notes receivable-trade                                      | 438            | Accounts payable-trade                                         | 33,040         |
| Accounts receivable-trade                                   | 82,440         | Short-term loans payable                                       | 15,010         |
| Securities                                                  | 50,000         | Lease obligations                                              | 108            |
| Merchandise and finished goods                              | 32,475         | Accounts payable-other                                         | 12,730         |
| Work in process                                             | 4,579          | Accrued expenses                                               | 2,280          |
| Raw materials and supplies                                  | 9,411          | Income taxes payable                                           | 18,475         |
| Prepaid expenses                                            | 1,356          | Deposits received                                              | 266            |
| Deferred tax assets                                         | 4,905          | Provision for bonuses                                          | 5,250          |
| Short-term loans receivable                                 | 5,006          | Provision for directors' bonuses                               | 142            |
| Other                                                       | 23,069         | Notes and accounts payable-facilities                          | 5,423          |
| Allowance for doubtful accounts                             | (449)          | Other                                                          | 710            |
| <b>Noncurrent assets</b>                                    | <b>514,896</b> | <b>Noncurrent liabilities</b>                                  | <b>191,556</b> |
| <b>Property, plant and equipment</b>                        | <b>91,999</b>  | Bonds payable                                                  | 40,000         |
| Buildings                                                   | 33,251         | Convertible bond-type bonds with subscription rights to shares | 100,233        |
| Structures                                                  | 1,215          | Long-term loans payable                                        | 50,000         |
| Machinery and equipment                                     | 18,580         | Lease obligations                                              | 161            |
| Vehicles                                                    | 78             | Deferred tax liabilities                                       | 403            |
| Tools, furniture and fixtures                               | 7,050          | Provision for retirement benefits                              | 19             |
| Land                                                        | 18,687         | Long-term guarantee deposited                                  | 311            |
| Lease assets                                                | 269            | Provision for directors' retirement benefits                   | 66             |
| Construction in progress                                    | 12,865         | Asset retirement obligations                                   | 159            |
| <b>Intangible assets</b>                                    | <b>7,081</b>   | Other                                                          | 200            |
| Leasehold right                                             | 882            | <b>Total liabilities</b>                                       | <b>286,865</b> |
| Software                                                    | 6,161          |                                                                |                |
| Other                                                       | 37             | <b>(Net assets)</b>                                            |                |
| <b>Investments and other assets</b>                         | <b>415,815</b> | <b>Shareholders' equity</b>                                    | <b>479,998</b> |
| Investment securities                                       | 41,076         | Capital stock                                                  | 38,716         |
| Stocks of subsidiaries and affiliates                       | 296,703        | Capital surplus                                                | 52,103         |
| Investments in capital of subsidiaries and affiliates       | 14,009         | Legal capital surplus                                          | 52,103         |
| Long-term loans receivable from subsidiaries and affiliates | 49,860         | Retained earnings                                              | 392,213        |

|                            |                |                                                       |                |
|----------------------------|----------------|-------------------------------------------------------|----------------|
| Long-term prepaid expenses | 2,831          | Legal retained earnings                               | 3,297          |
| Other                      | 11,333         | Other retained earnings                               | 388,915        |
|                            |                | Reserve for reduction entry                           | 698            |
|                            |                | Reserve for special depreciation                      | 39             |
|                            |                | General reserve                                       | 82,900         |
|                            |                | Retained earnings brought forward                     | 305,278        |
|                            |                | Treasury stock                                        | (3,035)        |
|                            |                | <b>Valuation and translation adjustments</b>          | <b>16,910</b>  |
|                            |                | Valuation difference on available-for-sale securities | 16,910         |
|                            |                | <b>Subscription rights to shares</b>                  | <b>78</b>      |
|                            |                | <b>Total net assets</b>                               | <b>496,987</b> |
| <b>Total assets</b>        | <b>783,852</b> | <b>Total liabilities and net assets</b>               | <b>783,852</b> |

## Non-consolidated Statement of Income

Fiscal Year 2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

| Account item                                  | Amount |                |
|-----------------------------------------------|--------|----------------|
| Net sales                                     |        | 273,511        |
| Cost of sales                                 |        | 148,086        |
| <b>Gross profit</b>                           |        | <b>125,424</b> |
| Selling, general, and administrative expenses |        | 66,202         |
| <b>Operating income</b>                       |        | <b>59,222</b>  |
| Non-operating income                          |        | 19,987         |
| Interest income                               | 481    |                |
| Dividends income                              | 5,871  |                |
| Royalty income                                | 1,383  |                |
| Foreign exchange gains                        | 11,676 |                |
| Other                                         | 573    |                |
| Non-operating expenses                        |        | 2,051          |
| Interest expenses                             | 832    |                |
| Sales discounts                               | 417    |                |
| Loss on disposal of inventories               | 247    |                |
| Other                                         | 553    |                |
| <b>Ordinary income</b>                        |        | <b>77,158</b>  |
| Extraordinary income                          |        | 6,170          |
| Gain on sales of noncurrent assets            | 542    |                |
| Gain on sales of investment securities        | 559    |                |
| Transfer pricing taxation adjustment          | 5,068  |                |
| Extraordinary loss                            |        | 1,186          |
| Loss on disposal of noncurrent assets         | 1,118  |                |
| Impairment loss                               | 67     |                |
| <b>Income before income taxes</b>             |        | <b>82,142</b>  |
| Income taxes                                  |        | 26,801         |
| Income taxes-current                          | 26,171 |                |
| Income taxes-deferred                         | 630    |                |
| <b>Net income</b>                             |        | <b>55,341</b>  |

## Non-consolidated Statement of Changes in Net Assets

Fiscal Year 2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

|                                                      | Shareholders' equity |                       |                       |                         |                             |                                  |                 |                                   |                         |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------|-----------------------------------|-------------------------|
|                                                      | Capital stock        | Capital surplus       |                       | Retained earnings       |                             |                                  |                 |                                   |                         |
|                                                      |                      | Legal capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings     |                                  |                 |                                   | Total retained earnings |
|                                                      |                      |                       |                       |                         | Reserve for reduction entry | Reserve for special depreciation | General reserve | Retained earnings brought forward |                         |
| Balance at the beginning of current period           | 38,716               | 52,103                | 52,103                | 3,297                   | 682                         | 75                               | 82,900          | 258,670                           | 345,626                 |
| Cumulative effects of changes in accounting policies |                      |                       |                       |                         |                             |                                  |                 | 2,258                             | 2,258                   |
| Beginning of period as restated                      | 38,716               | 52,103                | 52,103                | 3,297                   | 682                         | 75                               | 82,900          | 260,928                           | 347,884                 |
| Changes of items during the period                   |                      |                       |                       |                         |                             |                                  |                 |                                   |                         |
| Dividends from surplus                               |                      |                       |                       |                         |                             |                                  |                 | (11,012)                          | (11,012)                |
| Net income                                           |                      |                       |                       |                         |                             |                                  |                 | 55,341                            | 55,341                  |
| Purchase of treasury stock                           |                      |                       |                       |                         |                             |                                  |                 |                                   |                         |
| Provision of reserve for reduction entry             |                      |                       |                       |                         | 15                          |                                  |                 | (15)                              | —                       |
| Reversal of reserve for special depreciation         |                      |                       |                       |                         |                             | (36)                             |                 | 36                                | —                       |
| Net changes of items other than shareholders' equity |                      |                       |                       |                         |                             |                                  |                 |                                   |                         |
| Total changes of items during the period             | —                    | —                     | —                     | —                       | 15                          | (36)                             | —               | 44,349                            | 44,328                  |
| Balance at the end of current period                 | 38,716               | 52,103                | 52,103                | 3,297                   | 698                         | 39                               | 82,900          | 305,278                           | 392,213                 |

|                                                      | Shareholders' equity |                            | Valuation and translation adjustments                 |                                    |                                             | Subscription rights to shares | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|-------------------------------|------------------|
|                                                      | Treasury stock       | Total shareholders' equity | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                               |                  |
| Balance at the beginning of current period           | (24)                 | 436,422                    | 11,269                                                | (2)                                | 11,267                                      | 20                            | 447,709          |
| Cumulative effects of changes in accounting policies |                      | 2,258                      |                                                       |                                    |                                             |                               | 2,258            |
| Beginning of period as restated                      | (24)                 | 438,680                    | 11,269                                                | (2)                                | 11,267                                      | 20                            | 449,968          |
| Changes of items during the period                   |                      |                            |                                                       |                                    |                                             |                               |                  |
| Dividends from surplus                               |                      | (11,012)                   |                                                       |                                    |                                             |                               | (11,012)         |
| Net income                                           |                      | 55,341                     |                                                       |                                    |                                             |                               | 55,341           |
| Purchase of treasury stock                           | (3,010)              | (3,010)                    |                                                       |                                    |                                             |                               | (3,010)          |
| Provision of reserve for reduction entry             |                      | –                          |                                                       |                                    |                                             |                               | –                |
| Reversal of reserve for special depreciation         |                      | –                          |                                                       |                                    |                                             |                               | –                |
| Net changes of items other than shareholders' equity |                      |                            | 5,640                                                 | 2                                  | 5,642                                       | 58                            | 5,700            |
| Total changes of items during the period             | (3,010)              | 41,317                     | 5,640                                                 | 2                                  | 5,642                                       | 58                            | 47,018           |
| Balance at the end of current period                 | (3,035)              | 479,998                    | 16,910                                                | –                                  | 16,910                                      | 78                            | 496,987          |