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(Securities Code: 4543)
June 2, 2016

To Our Shareholders:

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

**NOTICE OF CONVOCATION OF
THE 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 101st 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 Thursday, June 23, 2016.

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. The following are subject to audits by the Accounting Auditor or the Audit/Supervisory Committee.

- 1) Matters concerning Stock Acquisition Rights Issued by the Company
- 2) Basic Policies regarding the Company’s Control
- 3) Notes to Consolidated Financial Statements
- 4) Notes to Non-consolidated Financial Statements

1. Date and Time: Friday, June 24, 2016, 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/Supervisory Committee for the 101st Term (from April 1, 2015, to March 31, 2016)
 2. Non-consolidated Financial Statements for the 101st Term (from April 1, 2015, to March 31, 2016)

Matters to be resolved:

Proposal 1: Appropriation of Surplus

Proposal 2: Election of 12 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)

Proposal 3: Election of 1 Substitute Director Who Serves as an Audit/Supervisory Committee Member

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 ¥20 per share be paid out as described below. As a result, the annual dividends for the year, including the interim dividend of ¥19, will amount to ¥39 per share, an increase of ¥8.5 from the previous year.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥20 per share of common stock of the Company
Total amount of dividends: ¥7,259,396,120
- (3) Effective date of dividends from surplus
Monday, June 27, 2016

Proposal 2: Election of 12 Directors (Excluding Directors Who Serve as Audit/Supervisory Committee Members)

The terms of office of all of the 14 directors (excluding directors who serve as Audit/Supervisory Committee Members) will expire at the conclusion of this Annual General Meeting of Shareholders. The election of 12 directors (excluding directors who serve as Audit/Supervisory Committee Members) is proposed.

The Audit/Supervisory Committee evaluated the status of business execution and performance of each of the candidates for directors during the business year ended March 31, 2016 and judged that they are suitable as candidates for directors.

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

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	Yutaro Shintaku (September 19, 1955)	<p>April 1979 Joined Toa Nenryo Kogyo K.K. (present TonenGeneral Sekiyu K.K.)</p> <p>January 1999 Joined the Company</p> <p>June 2005 Executive Officer</p> <p>June 2006 Director and Executive Officer General Leader, Cardiac & Vascular Business Group</p> <p>June 2007 Director and Senior Executive Officer Responsible for R&D Center, Intellectual Property Dept., and Legal Dept.</p> <p>June 2009 Director and Managing Executive Officer General Manager of Strategic Planning Dept. Responsible for Human Resources Dept. and Accounting & Finance Dept.</p> <p>June 2010 President and Representative Director (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Yutaro Shintaku previously served as General Manager of Strategy Planning Dept., President of Cardiac & Vascular Company, and was responsible for Human Resources Dept. and Accounting & Finance Dept. Since 2010 he has been serving as President and Representative Director of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge, he is leading the Company's management and business operation. Through fair and precise management oversight as a director, he is expected to continue to exercise leadership in enhancement of the Terumo Group's financial performance and lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	47,841

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
2	Hiroshi Matsumura (September 29, 1953)	<p>April 1976 Joined the Company</p> <p>June 2001 Executive Officer</p> <p>June 2002 Director and Executive Officer</p> <p> General Manager of Strategic Planning Dept.</p> <p>June 2003 Director and Senior Executive Officer</p> <p>June 2004 Director and Managing Executive Officer</p> <p>June 2006 Responsible for Human Resources Dept.</p> <p>June 2009 Director and Senior Managing Executive Officer</p> <p> Group President of General Hospital Business Group</p> <p> Responsible for Terumo Call Center</p> <p>June 2010 Director and Executive Vice President</p> <p> Responsible for Domestic Sales Dept.</p> <p>April 2016 Representative Director and Executive Vice President</p> <p> Responsible for Public Relations, General Affairs Dept.,</p> <p> Diversity Promotion Dept., Japanese Sales Management</p> <p> Dept. (present)</p>	25,701
		<p>■ Reasons for selection of the candidate for director</p> <p>Mr. Hiroshi Matsumura was previously responsible for Domestic Sales Dept. and served as General Manager of Strategy Planning Dept. and President of General Hospital Company. Since 2016 he has been serving as Director and Executive Vice President of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as a director responsible for public relations and three corporate departments, in business operations he is contributing to the enhancement of the Company's brands through his external activities and improvement of the internal systems supporting the global management structure. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	
3	Takayoshi Mimura (June 18, 1953)	<p>April 1977 Joined the Company</p> <p>June 2002 Executive Officer</p> <p>June 2003 Director and Executive Officer</p> <p>June 2004 Director and Senior Executive Officer</p> <p>June 2007 Director and Managing Executive Officer</p> <p>April 2008 Group President of General Hospital Business Group</p> <p> Responsible for Domestic Sales Dept.</p> <p>June 2009 Regional Representative, China and Asia</p> <p>April 2010 Regional Representative, China</p> <p>June 2010 Director and Senior Managing Executive Officer (present)</p> <p>August 2011 President and CEO, Terumo (China) Holdings Co., Ltd.</p> <p>December 2011 Regional Representative, China (present)</p> <p>April 2014 Responsible for Terumo Call Center</p>	19,714
		<p>■ Reasons for selection of the candidate for director</p> <p>Mr. Takayoshi Mimura was previously responsible for Domestic Sales Dept. and Group President of General Hospital Business Group. Since 2010 he has been serving as Director and Senior Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as Regional Representative, China, in business operations he is leading the Company's expansion in the Chinese market. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
4	Shinjiro Sato (July 19, 1960)	<p>April 1984 Joined Toa Nenryo Kogyo K.K. (present TonenGeneral Sekiyu K.K.)</p> <p>February 1999 Joined Arthur Andersen Business Consulting (current PricewaterhouseCoopers)</p> <p>June 2004 Joined the Company</p> <p>June 2010 Executive Officer, General Manager of Strategic Planning Dept.</p> <p>October 2011 Group President of Cardiac & Vascular Business Group (currently, President, Cardiac & Vascular Company) (present)</p> <p>June 2012 Senior Executive Officer</p> <p>June 2014 Director and Senior Executive Officer</p> <p>April 2015 Director and Managing Executive Officer (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Shinjiro Sato previously served as General Manager of Strategic Planning Dept. Since 2015 he has been serving as Director and Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as the President of Cardiac & Vascular Company, in business operations he is further promoting the business-led global management structure. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	7,665

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
5	Toshiaki Takagi (March 24, 1958)	<p>April 1981 Joined the Company</p> <p>April 2004 Factory Manager of Ashitaka Factory</p> <p>April 2008 Factory Manager of Ashitaka Factory and Suruga Factory</p> <p>June 2008 Executive Officer</p> <p>June 2009 General Manager of R&D Headquarters</p> <p>June 2010 Director and Senior Executive Officer Responsible for Intellectual Property Dept. Responsible for Terumo Medical Pranex</p> <p>June 2013 Responsible for Quality Assurance Dept., Post-Market Surveillance and Vigilance Dept., and Environmental Management Dept. (present)</p> <p>April 2015 Responsible for Terumo Call Center (present)</p> <p>July 2015 Chief Quality Officer (CQO) (present)</p> <p>April 2016 Director and Managing Executive Officer (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Toshiaki Takagi previously served as Factory Manager and General Manager of R&D Headquarters of the Company. Since 2016, serving as Director and Managing Executive Officer, he has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as Chief Quality Officer (CQO), in business operations he is contributing to enhancement of the global quality assurance system. Through fair and precise management oversight as a director, and he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	11,785
6	Shouji Hatano (July 27, 1959) <New election>	<p>April 1983 Joined the Company</p> <p>June 2009 Executive Officer General Manager of Secretarial Office, General Manager of Corporate Communications Dept.</p> <p>October 2011 General Manager of Strategic Planning Dept.</p> <p>June 2012 Senior Executive Officer General Manager of Strategic Planning Dept., responsible for Corporate Communications Dept. and Design Planning Dept.</p> <p>April 2015 Managing Executive Officer (present)</p> <p>July 2015 Vice President, General Hospital Company (concurrent position)</p> <p>January 2016 Senior Vice President, General Hospital Company</p> <p>April 2016 President, General Hospital Company (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Shouji Hatano previously served as General Manager of Corporate Communications Dept. and Strategic Planning Dept. of the Company. Since 2015 he has been serving as Managing Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as the President of General Hospital Company, in business operations he is further promoting the business-led global management structure. Through fair and precise management oversight as a new director, he is expected to lead further development of the Terumo Group. Therefore, the Company proposes his election for the position of director.</p>	4,807

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
7	Hideo Arase (March 19, 1955)	<p>April 1977 Joined the Company</p> <p>July 2006 President, Terumo Europe N.V.</p> <p>June 2008 Executive Officer</p> <p>June 2009 Director and Executive Officer</p> <p>Group President of Cardiac & Vascular Business Group</p> <p>Responsible for Legal Dept.</p> <p>June 2010 Director and Senior Executive Officer (present)</p> <p>October 2011 Responsible for Brazilian Business Promotion</p> <p>June 2012 Regional Representative, Americas</p> <p>President and CEO, Terumo Americas Holding, Inc.</p> <p>April 2014 Regional Representative, Latin America</p> <p>April 2015 Regional Representative, India and Asia Pacific (present)</p> <p>Managing Director, Terumo Asia Holdings Pte., Ltd. (present)</p> <p>■ Reasons for selection of the candidate for director Mr. Hideo Arase previously served as Group President of Cardiac & Vascular Business Group and CEO of subsidiaries in Europe and the U.S. Since 2010 he has served as Director and Senior Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as Regional Representative of India and Asia Pacific, in business operation he is promoting regional business strategies and playing a leading role in improvement of financial performance. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	17,524

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
8	Kuniko Shoji (January 8, 1954)	<p>April 1977 Joined Mochida Pharmaceutical Co., Ltd.</p> <p>July 1986 Joined Johnson & Johnson Medical K.K. (present Johnson & Johnson K.K.)</p> <p>September 2002 Joined the Company</p> <p>June 2004 General Manager of Regulatory Affairs . (present)</p> <p>June 2004 Executive Officer</p> <p>April 2005 General Manager of Clinical Development Dept.</p> <p>June 2007 Senior Executive Officer</p> <p>June 2009 Corporate Representative for Government and Industry</p> <p>June 2010 Director and Senior Executive Officer (present)</p> <p>April 2014 Responsible for Clinical Development Dept. (present)</p> <p>July 2015 Chief Clinical and Regulatory Affairs Officer (CRAO) (present)</p> <p>■ Reasons for selection of the candidate for director Ms. Kuniko Shoji previously served as General Manager of Quality Assurance Dept. and General Manager of Pharmaceutical Affairs Dept. at a pharmaceuticals company. Then, she served as General Manager of Regulatory Affairs . and General Manager of Clinical Development Dept. of the Company. Since 2010 she has served as Director and Senior Executive Officer of the Company and has contributed to enhancement of corporate value. Based on her wealth of business experience and knowledge and as Chief Clinical and Regulatory Affairs Officer (CRAO), in business operation she is contributing to obtaining of necessary licenses for sales of products and global optimization of clinical development. Through fair and precise management oversight as a director, she is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes her reelection for the position of director.</p>	12,122
9	David Perez (August 16, 1959)	<p>October 1981 Joined Kendall Healthcare Group, Ltd.</p> <p>December 1989 Joined Caremark/Coram Healthcare Corporation</p> <p>September 1995 Joined Haemonetics Corporation</p> <p>May 1997 Joined Urotherapy Corporation</p> <p>May 1999 Joined Gambro BCT, Inc. (present Terumo BCT, Inc.)</p> <p>April 2011 President and CEO, Terumo BCT, Inc. (present)</p> <p>August 2011 President, Blood Management Company (present)</p> <p>June 2012 Senior Executive Officer</p> <p>June 2014 Director and Senior Executive Officer (present)</p> <p>■ Reasons for selection of the candidate for director Mr. David Perez previously served as CEO of an American medical equipment company and then joined the Terumo Group. Since 2014 he has served as Director and Senior Executive Officer of the Company and has contributed to enhancement of corporate value. Based on his wealth of business experience and knowledge and as President and CEO, Terumo BCT, Inc. and President of Blood Management Company, in business operation he is further promoting the business-led global management structure. Through fair and precise management oversight as a director, he is expected to continue to lead further development of the Terumo Group. Therefore, the Company proposes his reelection for the position of director.</p>	-

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
10	Mari Matsunaga (November 13, 1954) <candidate for independent director>	<p>April 1977 Joined Japan Recruit Center Co., Ltd. (present Recruit Holdings Co., Ltd.)</p> <p>July 1986 Editor in chief of <i>Shushoku Journal</i> published by Recruit Holdings Co., Ltd.</p> <p>July 1988 Editor in chief of <i>Travaille</i> published by Recruit Holdings Co., Ltd.</p> <p>July 1997 Joined NTT DoCoMo, Inc., Head of Planning Office for Gateway Business Dept.</p> <p>April 2000 Representative, Mari Matsunaga Office. (present)</p> <p>June 2002 Independent Director, BANDAI Co., Ltd.</p> <p>June 2006 Independent Director, BRAINS Network Co., Ltd. (present)</p> <p>June 2012 Independent Director, MS&AD Insurance Group Holdings, Inc. (present)</p> <p>June 2014 Independent Director of the Company (present)</p> <p>June 2014 Independent Director, ROHTO Pharmaceutical Co., Ltd. (present)</p> <p>■ 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 proposes her election for the position of 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.</p>	2,479

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

Ms. Mari Matsunaga attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2016.

No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company, and significant concurrent positions	Number of shares of the Company held
11	Ikuo Mori (August 19, 1947) <candidate for independent director>	<p>April 1970 Joined Fuji Heavy Industries Ltd.</p> <p>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.</p> <p>April 2005 Corporate Senior Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division</p> <p>June 2006 Corporate Executive Vice President, Chief General Manager of Subaru Overseas Sales & Marketing Division</p> <p>June 2006 President and Chief Executive Officer, Representative Director of the Board</p> <p>June 2011 Chairman and Chief Executive Officer, Representative Director of the Board</p> <p>June 2012 Senior Corporate Advisor</p> <p>June 2014 Advisor, Fuji Heavy Industries Ltd. Independent Director of the Company (present)</p> <p>■ 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 many years. The Company proposes his election for the position of 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.</p>	1,392

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

Mr. Ikuo Mori attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2016.

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	Ryuzo Ueda (September 20, 1944) <candidate for independent director>	<p>April 1969 Clinical Fellow, Nagoya University School of Medicine</p> <p>September 1976 Visiting Research Fellow, Memorial Sloan Kettering Cancer Center, New York</p> <p>September 1980 Senior Research Staff, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute</p> <p>April 1988 Chief, Laboratory of Chemotherapy, Aichi Cancer Center Research Institute</p> <p>September 1995 Professor, Second Department of Internal Medicine, Nagoya City University Medical School</p> <p>April 2003 President, Nagoya City University Hospital</p> <p>April 2008 Director-General, Nagoya City Hospital Bureau</p> <p>April 2010 Professor Emeritus, Nagoya City University (present) Senior Advisor to the Board, Nagoya City University Adjunct Professor, Nagoya City University Graduate School of Medical Sciences</p> <p>April 2012 Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine (present)</p> <p>January 2013 Councilor, Aichi Medical University</p> <p>June 2015 Independent Director of the Company (present)</p> <p>May 2016 Visiting Professor, Nagoya City University (present)</p> <p>■ 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 proposes his election for the position of 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.</p>	404

Dr. Ryuzo Ueda will have served as an independent director for one year at the conclusion of this Annual General Meeting of Shareholders.

Dr. Ryuzo Ueda attended 9 out of 9 meetings of the Board of Directors held in the fiscal year ended March 31, 2016 following his assumption of office as an independent director of the Company on June 24, 2015.

Notes:

1. 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, 2016.
2. The Company appointed Ms. Mari Matsunaga, Mr. Ikuo Mori, and Dr. Ryuzo Ueda 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.
3. In accordance with Article 427, Paragraph 1 of the Corporation Law, the Company has entered into contracts with Ms. Mari Matsunaga, Mr. Ikuo Mori, and Dr. Ryuzo Ueda 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.
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.

Proposal 3: 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/Supervisory Committee 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
Koichi Sakaguchi (September 10, 1950) <candidate for substitute independent director who serves as an Audit/Supervisory Committee Member>	April 1979 Admitted to the bar in Japan September 2000 Judge, Tokyo District Court April 2006 Judge (Department Manager), Mito District Court August 2012 Judge (General Manager), Kawagoe Branch, Saitama District/Family Court (Chief Judge) September 2013 Director, Akita District/Family Court November 2015 Registered as attorney-at-law Joined KATO Sogo Law Office (present)	-

- Reasons for selection of the candidate for substitute independent director who serves as an Audit/Supervisory Committee Member
The Company proposes election of Mr. Koichi Sakaguchi for the position of substitute 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 and a judge, in improving the audit system of the Company. For these reasons, the Company deems that Mr. Sakaguchi 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. Koichi Sakaguchi 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.

Operations Report

(From April 1, 2015, to March 31, 2016)

1. Overview of the Group

(1) Business Progress and Results

In the fiscal year ended March 31, 2016, the following trends were evident in the global healthcare market. In the United States, healthcare demand continued to gradually expand, owing in part to an increase in the number of people with health insurance coverage. Although European economies remained robust, awareness is increasing about the need for efficiency and economy in healthcare. In China, although the pace of economic growth slowed, reforms to the country's healthcare system, including deployment of a health insurance system, are being promoted. Meanwhile, in Japan, there is a growing need to improve healthy life expectancy and medical economics, and initiatives to moderate national healthcare expenditures are moving forward. Owing to the Pharmaceutical and Medical Device Act (PMD Act) enacted in 2014, companies and other institutions are briskly pursuing initiatives to commercialize regenerative medicine.

In this environment, the Terumo Group is pursuing its goal of "becoming a company with a global presence," and in line with its business-led management structure, Terumo is promoting management that aims to achieve sustainable, profitable, and high-quality growth. During the fiscal year ended March 31, 2016, in order to strengthen the function of the global headquarters that supports the business-led management structure, Terumo appointed six CXOs* responsible for critical corporate functions, namely, accounting & finance, legal & compliance, technology, clinical & regulatory affairs, quality assurance, and IT, and achieved progress in establishing systems for risk management, corporate strategy, and group-wide optimization. In addition, with the aim of strengthening audit and supervisory functions, enhancing management transparency and objectivity, and accelerating decision-making, Terumo transitioned to a Company with an Audit/Supervisory Committee in June 2015. With respect to initiatives for regenerative medicine, Terumo became the first company to receive approval subject to certain conditions and time restrictions under the PMD Act for its HeartSheet autologous skeletal myoblast sheets. This is the first product in the world for cardiac regenerative therapy.

* CXOs: Collective term for positions with global responsibility for the Group's corporate functions, such as finance and accounting and legal affairs and compliance

Assets and Income

(Millions of yen, unless otherwise stated)

Item	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	101st term Fiscal 2015 From April 1, 2015 to March 31, 2016
Net sales	402,294	467,359	489,506	525,026
Operating income	53,216	65,288	67,456	81,703
Ordinary income	51,376	63,802	70,730	73,090
Profit attributable to owners of parent	47,014	34,096	38,470	50,676
Net income per share (yen)	247.60	89.78*	101.33	135.14
Total net assets	437,909	496,245	573,523	511,544
Total assets	771,032	832,814	992,073	901,685

* 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

Net sales amounted to 525.0 billion yen, an increase of 7.3% year on year, led mainly by the robust performance of the TIS^{*1} business and the Neurovascular^{*2} business in the United States and Asia, primarily in China.

*1. TIS business: The business handling systems used for interventional treatment, such as catheters

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

Operating Income

Operating income increased 21.1% year on year to 81.7 billion yen. Higher sales of high-value-added products in Japan and overseas and ongoing cost reduction contributed to this increase.

Ordinary Income

Ordinary income increased 3.3% year on year to 73.1 billion yen, primarily owing to an increase in operating income despite foreign exchange losses.

Profit attributable to owners of parent

Profit attributable to owners of parent increased 31.7% year on year to 50.7 billion yen.

Cardiac & Vascular Company

In the TIS business, Terumo launched the Ultimaster^{*1}, a drug-eluting stent, in Japan in October 2015. “Ultimaster” sales were brisk in all regions, including Europe, Central and South America, and Asia (excluding Japan), where the product was released during the previous fiscal year. In addition, in the United States, sales of products related to transradial coronary intervention or TRI^{*2} achieved double-digit growth. Sales also grew in Asia, mainly in China. In the Neurovascular business, sales increased substantially, mainly in the United States.

In the CV^{*3} business, the United States Food and Drug Administration (FDA) lifted sales restrictions on a blood monitoring system manufactured by the Ann Arbor Factory of US-based Terumo Cardiovascular Systems Corporation.

Consequently, net sales increased 13.9% year on year to 258.6 billion yen.

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

*2. 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

*3: CV business: The business handling devices used for cardiac and vascular surgery, such as oxygenators.

Principal products

TIS (Interventional Systems) business	Angiographic catheters, PTCA balloon catheters, coronary stents, etc.
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

Note: Starting October 1, 2014, earnings at consolidated subsidiaries Harvest Technologies Corporation and Harvest Technologies GmbH are posted under the Blood Management Company reporting segment, as opposed to under the Cardiac & Vascular Company reporting segment. Segment sales for previous fiscal years are restated to reflect this change and presented for reference.

General Hospital Company

In Japan, in addition to sales of needleless infusion systems that contribute to prevention of infection and enhancement of medical safety, sales of products for peritoneal dialysis and products for pain management that contribute to enhancement of patients' quality of life increased. Sales of products for diabetes management also increased, such as blood glucose monitoring systems and disposable needles for pen-injectors used for self-injection of insulin. Meanwhile, outside Japan, sales were steady in Asia for products such as infusion pumps. Meanwhile, the company revised its business portfolio in Europe and Central and South America.

As a result, sales decreased slightly from the previous year to 161.4 billion yen

Principal products

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

Blood Management Company

Sales expanded in the therapeutic apheresis^{*1} systems field and the cell processing^{*2} systems field. Sales of products for blood centers also grew, mainly in emerging-market countries. In the United States, sales decreased following the completion of price revision of products for blood centers.

As a result, sales increased 3.9% year on year to 105.0 billion yen.

*1. Therapeutic apheresis systems field: The business field handling products related to therapy for removing a pathogenic substance from patients by plasma exchange through extracorporeal circulation of blood

*2. Cell-processing systems field: The business field handling products for efficient cell culture for treatment and research purposes

Principal products

Blood Management business	Blood bags, automated blood component collection systems, automated blood component processing systems, therapeutic apheresis systems, cell expansion systems, etc.
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Note: Starting October 1, 2014, earnings at consolidated subsidiaries Harvest Technologies Corporation and Harvest Technologies GmbH are posted under the Blood Management Company reporting segment, as opposed to under the Cardiac & Vascular Company reporting segment. Segment sales for previous fiscal years are restated to reflect this change and presented for reference.

Sales by Geographic Segment

(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 (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Japan	183,146	37.4	187,210	35.7	2.2
Europe	104,600	21.4	101,802	19.4	(2.7)
Americas	125,310	25.6	143,462	27.3	14.5
Asia and Others	76,448	15.6	92,550	17.6	21.1
Total	489,506	100.0	525,026	100.0	7.3

Research & Development

In the Cardiac & Vascular Company, regarding the Ultimaster^{*1} drug-eluting stent that was launched in Europe, Latin America, and Asia in the previous year, Terumo received approval for the manufacturing and sales of Ultimaster in Japan and launched the product in October 2015. Going forward, Terumo intends to broaden the lineup of Ultimaster to respond to a wider range of needs. In the United States, Misago, a stent used in the treatment of peripheral artery disease, became the first product of its type manufactured by a Japanese company to be approved as an implanted medical device by the United States Food and Drug Administration (FDA) and it was launched in June 2015. Moreover, in October 2015 the Company launched Metacross RX, a balloon catheter used in the treatment of peripheral artery disease, which is the first product under the joint development agreement with Kaneka Corporation. Thus, Terumo has taken the first step toward full-scale business development in the United States in the peripheral interventional therapies for the lower extremity etc.

With regard to the General Hospital Company, Terumo received approval for manufacturing and sales in Japan of Immucise, an intradermal injection^{*2} device in September 2015. The product concept is easy and accurate administering of vaccines. This drug delivery method is expected to boost the effectiveness of a vaccine. Terumo will accelerate preparations for the launch of Immucise in Japan.

In the field of regenerative medicine, Terumo became the first company to receive approval subject to certain conditions, including time restrictions, for the HeartSheet autologous skeletal myoblast sheets, for which Terumo has been promoting joint research with Osaka University. This is the first product in the world for cardiac regenerative therapy for treating severe heart failure caused by chronic ischemic heart disease and is expected to become a new option for heart failure. The Company will continue development in this field with the aim of promoting regenerative medicine.

In addition, Vascutek, a subsidiary in Scotland, the United Kingdom, has received the Queen's Award for Innovation in the Queen's Awards for Enterprise, which are the most prestigious accolades for businesses in the United Kingdom. Vascutek's technology for and track record of worldwide usage of its Thoraflex Hybrid were recognized. Thoraflex Hybrid is a surgical graft used to treat thoracic aortic conditions, such as aortic dissection and aneurysm. In April 2016, the Company established the Terumo Fellow Program to recognize associates with expertise and experience in the fields of technology, research, and clinical development, and who have made outstanding contributions. Four individuals have been appointed as the first Terumo Fellows.

*1. Ultimaster received the Nikkei Sangyo Shimbun Excellent Award in the 2015 Nikkei Superior Products and Services Awards.

*2. Intradermal injection: Administration of vaccine by injection into the skin tissue (dermis) where many immune cells exist, and high vaccine effect can be expected.

(2) Issues to be Addressed

In the fiscal year ending March 31, 2017, a challenging business environment is expected, including foreign exchange risks and revisions to reimbursement prices in Japan. However, Terumo aims to accelerate the initiatives to achieve sustainable, profitable, and high-quality growth under globally aligned business-led management whereby each company seizes opportunities. CXOs will spearhead efforts to strengthen cross-regional and cross-organizational collaboration of global headquarters's functions to achieve Group-wide optimization and support business expansion of our three companies. Working together, the global headquarters and the three companies operating businesses are laying a firm foundation for further growth.

Cardiac & Vascular Company

The Cardiac & Vascular Company plans to expand the product pipeline to boost its competitive edge globally, and also aims to invest in promising technologies and products by unearthing growth opportunities, mainly in areas related to existing businesses. In the TIS business, Terumo plans to continue concentrating on the expansion of sales of Ultimaster, a drug-eluting stent, to achieve sales growth. In the peripheral intervention^{*} field, the company plans to expand sales of therapeutic devices, including stents for treating peripheral artery disease and balloon catheters. In the Neurovascular intervention business, the company plans to sustain its high growth by expanding the product lineup beyond coils, such as those for neurovascular stroke devices. In the CV business, Terumo plans to concentrate on completing a United States Food and Drug Administration (FDA)-standard quality management system in preparation for production and supply operations at the Ann Arbor Factory of Terumo Cardiovascular Systems Corporation

^{*}Peripheral intervention field: Business field concerning peripheral vessels (excluding cardiovascular systems) such as those in the lower extremity

General Hospital Company

The General Hospital Company will pursue sales expansion by supplying high-value-added products that meet the needs of users on the medical frontline, in terms of such attributes as healthcare quality and safety enhancement, and continue profit management. The company plans to increase the number of customer accounts by proposing high value-added products as systems that contribute to safety and operational efficiency on the medical frontline. This includes products such as smart pumps with IT functions. Terumo intends to concentrate on expanding the supply of prefilled syringes^{*} by promoting strategic alliances with pharmaceutical manufacturers. In Japan, preparations are underway for the sale of Immucise, an intradermal injection device. The product concept is easy and accurate administering of vaccines by intradermal injection. This drug delivery method is expected to boost the effectiveness of a vaccine. The company plans to promote the use of HR Joint, a vital sign monitoring device series equipped with a communication function to transmit data, such as blood glucose level, body temperature, and blood pressure, to an electronic patient file (hospital record) and thereby expand sales of monitoring devices.

^{*} Prefilled syringes: Drugs are prefilled in syringes.

Blood Management Company

The Blood Management Company aims to achieve sustainable growth by steadily capturing the increase in healthcare demand in emerging-market countries and by increasing sales of therapeutic apheresis systems and cell processing systems. In the therapeutic apheresis systems business, the company intends to promote the expansion of applications for the systems and to further expand use in emerging-market countries. In the cell processing systems business, the company plans to concentrate on sales growth of products that contribute to efficient cell culture, which is essential for regenerative medicine. Terumo is making steady progress in

integrating the production system globally. At a factory on the outskirts of Ho Chi Minh City, Vietnam, the company is preparing to launch commercial production.

Through these initiatives, Terumo will strive to achieve the financial targets for fiscal 2016 and sustainable growth far into the future.

Forecast of Consolidated Results

(Millions of yen)

	101st term Fiscal 2015 (Results) From April 1, 2015 to March 31, 2016	102nd term Fiscal 2016 (Forecast) From April 1, 2016 to March 31, 2017	Change	Change (%)
Net Sales	525,026	517,000	(8,026)	(1.5)
Operating Income	81,703	75,000	(6,703)	(8.2)
Operating income ratio	15.6%	14.5%	—	—
Ordinary Income	73,090	71,000	(2,090)	(2.9)
Profit attributable to owners of parent	50,676	52,500	1,823	3.6

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 16-18.

(4) Capital Investment

Capital investment in the fiscal year ended March 31, 2016 amounted to 31.5 billion yen on a construction basis. Principal items are as follows:

- 1) Main facilities construction completed
Terumo Corporation Ashitaka Factory: Production facilities for medical devices
- 2) Main facilities under construction
MicroVention, Inc.: New wing of Head Office

(5) Financing

Not applicable

(6) Principal Lenders (as of March 31, 2016)

Lender	Outstanding borrowings (Billions of yen)
Development Bank of Japan Inc.	30.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17.2
Mizuho Bank, Ltd.	12.9
Mitsubishi UFJ Trust and Banking Corporation	8.6
Mizuho Trust & Banking Co., Ltd.	8.6

(7) Employees (as of March 31, 2016)

1) The Group

Number of employees	Increase (Decrease) from the previous fiscal year-end
20,697	+763

2) The Company

Number of employees	Increase (Decrease) from the previous fiscal year-end	Average age	Average service years
4,901	+102	41.1	18.0

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

(8) Principal Offices, Factories and Significant Subsidiaries (as of March 31, 2016)

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, 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 288,664 thousand	100	Manufacturing and sales of products for Cardiac & Vascular Company and General Hospital Company
Terumo Americas Holding, Inc.	U.S.A.	USD 1,807,900 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
MicroVention, Inc.	U.S.A.	USD 209,639 thousand	100	Manufacturing and sales of products for Cardiac & Vascular Company
Terumo BCT Holding Corporation	U.S.A.	USD 1,252,360 thousand	100	Supervision of subsidiaries under 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 1,160,493 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

In accordance with the resolution of the Board of Directors made on April 5, 2016, the Company issued unsecured straight bonds whose payment date is April 19, 2016 under the following terms and conditions.

- 1) Terumo Corporation Series 5 Unsecured Straight Bonds (with inter-bond pari passu clause) (5-year bonds)
 - i) Total amount of issue: 10,000 million yen
 - ii) Issue price: 100 yen per face value 100 yen
 - iii) Interest rate: 0.080% per annum
 - iv) Payment date: April 19, 2016
 - v) Maturity date: April 19, 2021
 - vi) Redemption method: Redemption of 100% of the principal in a lump sum
 - vii) Usage of the fund: To be used for repayment of borrowings and partly for redemption of bonds
- 2) Terumo Corporation Series 6 Unsecured Straight Bonds (with inter-bond pari passu clause) (7-year bonds)
 - i) Total amount of issue: 10,000 million yen
 - ii) Issue price: 100 yen per face value 100 yen
 - iii) Interest rate: 0.170% per annum
 - iv) Payment date: April 19, 2016
 - v) Maturity date: April 19, 2023
 - vi) Redemption method: Redemption of 100% of the principal in a lump sum
 - vii) Usage of the fund: To be used for repayment of borrowings and partly for redemption of bonds
- 3) Terumo Corporation Series 7 Unsecured Straight Bonds (with inter-bond pari passu clause) (10-year bonds)
 - i) Total amount of issue: 10,000 million yen
 - ii) Issue price: 100 yen per face value 100 yen
 - iii) Interest rate: 0.240% per annum
 - iv) Payment date: April 19, 2016
 - v) Maturity date: April 17, 2026
 - vi) Redemption method: Redemption of 100% of the principal in a lump sum
 - vii) Usage of the fund: To be used for repayment of borrowings and partly for redemption of bonds

2. Overview of the Company

(1) Status of Shares (as of March 31, 2016)

1) Number of Shares Authorized	1,519,000,000 shares
2) Number of Shares Issued	379,760,520 shares
3) Number of Shareholders	29,878
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)	41,863	11.5
Japan Trustee Services Bank, Ltd. (Trust Account)	24,906	6.9
The Dai-ichi Life Insurance Company, Limited	20,259	5.6
Meiji Yasuda Life Insurance Company	13,568	3.7
STATE STREET BANK AND TRUST COMPANY 505223	12,245	3.4
Olympus Corporation	9,430	2.6
Mizuho Bank, Ltd.	9,215	2.5
Terumo Foundation for Life Sciences and Arts	7,360	2.0
Trust & Custody Services Bank, Ltd.(Securities Investment Trust Account)	6,755	1.9
Dai Nippon Printing Co., Ltd.	6,063	1.7

- Notes: 1. Although the Company holds 16,790 thousand shares of treasury stock, the Company is not included in the major shareholders. Treasury stock 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 Bank, Ltd. is authorized to give directions concerning exercise of the voting rights for these shares.)
4. Of the number of shares held by Dai Nippon Printing Co., Ltd., 3,861 thousand shares are shares concerning retirement benefit trust contributed by Dai Nippon Printing. (The shareholder of record is "Trust & Custody Services Bank, Ltd. as trustee for Dai Nippon Printing Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd." Dai Nippon Printing Co., Ltd. is authorized to give directions concerning exercise of the voting rights for these shares.)

(2) Company Officers

1) Directors (as of March 31, 2016)

Position at the Company	Name	Responsibilities and significant concurrent positions
Chairman of the Board	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 Japanese Sales Management Dept.
Director and Senior Managing Executive Officer	Takayoshi Mimura	Regional Representative, China President and CEO, Terumo (China) Holdings Co., Ltd.
Director and Senior Managing Executive Officer	Akira Oguma	General Affairs Dept. Supply Chain Management Dept. IT Planning Dept. Procurement Dept.
Director and Managing Executive Officer	Shinjiro Sato	President, Cardiac and Vascular Company Japanese Sales Management Dept.
Director and Senior Executive Officer	Hideo Arase	Regional Representative, India and Asia Pacific Managing Director, Terumo Asia Holdings Pte., Ltd.
Director and Senior Executive Officer	Kuniko Shoji	Chief Clinical and Regulatory Affairs Officer (CRAO) General Manager of Regulatory Affairs. Clinical Development Dept.
Director and Senior Executive Officer	Toshiaki Takagi	Chief Quality Officer (CQO) Quality Assurance Dept. Post-Market Surveillance and Vigilance Dept. Environmental Management Dept. Terumo Call Center
Director and Senior Executive Officer	David Perez	President, Blood Management Company President and CEO, Terumo BCT, Holding Corp.
Director	Yoshiaki Shiraishi	Special Assignment (Audit/Supervision)
Independent Director	Mari Matsunaga	Representative, Mari Matsunaga Office. Independent Director, MS&AD Insurance Group Holdings, Inc. Independent Director, BRAINS Network Co., Ltd. Independent Director, ROHTO Pharmaceutical Co., Ltd.
Independent Director	Ikuo Mori	
Independent Director	Ryuzo Ueda	Professor Emeritus, Senior Advisor, Nagoya City University Professor, Dept. of Tumor Immunology, Aichi Medical University School of Medicine
Director (Audit/Supervisory Committee Member)	Kenji Sekine	
Independent Director (Audit/Supervisory Committee Member)	Toshihiko Matsumiya	Representative, Toshihiko Matsumiya Certified Public Accountant Office External Corporate Auditor, Mitsubishi Research Institute, Inc. External Corporate Auditor, Daiichi Jitsugyo Co., Ltd.
Independent Director (Audit/Supervisory Committee Member)	Masatake Yone	Lawyer (partner in Mori Hamada & Matsumoto Law Firm) External Corporate Auditor, THK Co., Ltd. Independent Director (Audit/Supervisory Committee Member), GCA Savvian Corporation

		External Corporate Auditor, 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 Ms. Mari Matsunaga, Mr. Ryuzo Ueda, Mr. Toshihiko Matsumiya, and Mr. Masatake Yone concurrently hold positions.
2. The Company has submitted notifications to the Tokyo Stock Exchange of the appointment of Independent Directors Ms. Mari Matsunaga, Mr. Ikuo Mori, Mr. Ryuzo Ueda, and Mr. Toshihiko Matsumiya as independent directors/auditors as defined by the Tokyo Stock Exchange.
3. Independent Director 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.
4. Independent Director Mr. Toshihiko Matsumiya is a certified public accountant and has considerable financial and accounting knowledge.
5. After the end of the fiscal year ended March 31, 2016, there were the following changes in directors.
- Chairman of the Board Mr. Koji Nakao retired from his position as Representative Director as of March 31, 2016 and assumed the position as Director and Corporate Advisor.
 - Director and Executive Vice President Mr. Hiroshi Matsumura assumed the position as Representative Director and Executive Vice President as of April 1, 2016.
 - Director and Senior Managing Executive Officer Mr. Akira Oguma assumed the position as Director and Corporate Advisor as of April 1, 2016.
6. Mr. Tomohisa Tabuchi who was elected to be a substitute director who serves as an Audit/Supervisory Committee Member at the General Meeting of Shareholders held on June 24, 2015, passed away in March 2016.

2) Outline of the liability limitation contracts

The Company has concluded a liability limitation contract with each of its non-executive directors and independent directors with regard to his/her liability 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 a non-executive director or an independent director.

3) Remuneration to Directors and Audit and Supervisory Board Members

Category	Number of persons	Amount paid (Millions of yen)
Directors (excluding Audit/Supervisory Committee Members)	15	530
Directors (Audit/Supervisory Committee Members)	3	40
Audit and Supervisory Board Members	4	15
Total (of which outside officers)	22 (6)	586 (57)

- Notes: 1. The above includes directors and Audit and Supervisory Board Members who left their posts during the fiscal year ended March 31, 2016. The Company made a transition from a company with an Audit and Supervisory Board to a company with an Audit/Supervisory Committee in accordance with the resolution of the General Meeting of Shareholders held on June 24, 2015.
2. The amount of remuneration includes stock-based compensation stock options in the form of stock acquisition rights allotted to directors (excluding external directors, audit/supervisory committee members, and non-executive directors) amounting to ¥94 million.

4) Whether full-time Audit/Supervisory Committee Members are appointed or not and reasons therefor

The Company has appointed Mr. Kenji Sekine as a full-time Audit/Supervisory Committee Member in order to strengthen audit and supervisory functions of the Audit/Supervisory Committee and to enable information gathering from directors (excluding Audit/Supervisory Committee Members), sharing of

information at important internal meetings, and sufficient collaboration between the Audit/Supervisory Committee and the Internal Audit Department, the Legal and Compliance Department, and the Internal Control Department.

5) Outside Officers

Principal activities in the fiscal year ended March 31, 2016

Name	Position	Main activities
Mari Matsunaga	Independent Director	Attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2016; provided opinions, as necessary, based mainly on her wealth of experience in development of new products and services.
Ikuo Mori	Independent Director	Attended 12 out of 12 meetings of the Board of Directors held in the fiscal year ended March 31, 2016; provided opinions, as necessary, based mainly on his wealth of experience in management.
Ryuzo Ueda	Independent Director	Attended 9 out of 9 meetings of the Board of Directors held after his appointment as an independent director on June 24, 2015; provided opinions, as necessary, based mainly on his expert medical knowledge and experience in hospital management.
Toshihiko Matsumiya	Audit and Supervisory Board Member (External)	Attended 3 out of 3 meetings of the Board of Directors and 3 out of 4 meetings of the Audit and Supervisory Board held before the transition to a company with an Audit/Supervisory Committee; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a certified public accountant.
	Independent Director (Audit/Supervisory Committee Member)	Attended 9 out of 9 meetings of the Board of Directors and 8 out of 9 meetings of the Audit/Supervisory Committee held after the transition to a company with an Audit/Supervisory Committee; 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 3 out of 3 meetings of the Board of Directors and 4 out of 4 meetings of the Audit and Supervisory Board held before the transition to a company with an Audit/Supervisory Committee; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer.
	Independent Director (Audit/Supervisory Committee Member)	Attended 9 out of 9 meetings of the Board of Directors and 8 out of 9 meetings of the Audit/Supervisory Committee held after the transition to a company with an Audit/Supervisory Committee; provided opinions, as necessary, based mainly on his expert knowledge and deep insight as a lawyer.

* The Company made a transition from a company with an Audit and Supervisory Board to a company with an Audit/Supervisory Committee in accordance with the resolution of the General Meeting of Shareholders held on June 24, 2015.

(3) Accounting Auditor

1) Accounting Auditor's Name KPMG AZSA LLC

2) Remuneration etc.

The Company and its subsidiaries paid the remuneration etc. indicated below to the Accounting Auditor. Regarding the amount of remuneration etc. in i) in the following table, the Audit/Supervisory Committee conducted necessary review of the Accounting Auditor's audit plan, evaluation and analysis of audit results for the fiscal year ended March 31, 2016, the status of performance of duties of accounting audit, and appropriateness of the basis of calculation of the estimated amount of remuneration, judged them appropriate and thus gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Corporation Law.

	Amount paid (millions of yen)
i) Remuneration etc. for the Accounting Auditor for the fiscal year ended March 31, 2016	77
ii) Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	156

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, 2016.

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) 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/Supervisory Committee may dismiss the Accounting Auditor, provided all the Audit/Supervisory Committee Members consent to such dismissal.

Regarding reappointment of the Accounting Auditor, the Audit/Supervisory Committee performs comprehensive evaluation of the Accounting Auditor's eligibility, independence, the status of audit quality control, the status of performance of duties, etc. every year. If the Audit/Supervisory Committee judges that the Accounting Auditor should not be reappointed, the committee determines the content of a proposal concerning non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

(4) Corporate Governance Policy

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

1) Basic Stance

- Terumo's corporate mission is "Contributing to Society through Healthcare". Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders, associates, business partners and communities.
- To embody its corporate mission, Terumo articulated Five Statements: open management, enhanced value, safety and reliability, respect for our associates, and corporate citizenship. These statements govern the actions and decisions made by all Terumo associates.
- Based on its corporate mission and the Five Statements, Terumo promote the creation of frameworks for corporate governance that realize timely decision-making while maintaining transparency and objectivity in management.
- Terumo continuously strives to earn the understanding and trust of its internal and external stakeholders by recognizing its accountability to its stakeholders and promoting dialog and other means of communication with its shareholders.
- Informed by its corporate governance code, Terumo has developed a global platform for its activities as a good corporate citizen.
- Terumo strives diligently to foster a corporate culture of "a highly motivating and challenging workplace with open and candid communication," because Terumo believes a culture of this nature is essential to effective corporate governance.

2) Corporate Governance Structure

Governance at Terumo adopts a structure of the "Company with an Audit/Supervisory Committee" in order to enhance the functions of audit and supervision over the Board of Directors and Directors.

(Terumo made a transition from a "Company with an Audit and Supervisory Board" by the approval of the General Meeting of Shareholders in June 2015.)

In addition, for enhancement of transparency and objectivity in management, the Corporate Governance Committee, which deliberates and recommends on matters including election of candidates for Director and remuneration, and the Nomination Committee, which deliberates on matters concerning successors to the President and Chairman, are established as advisory bodies to the Board of Directors. For risk management and improvement of the compliance structure in business operation and proper and timely disclosure of corporate information, the Risk Management Committee and the Internal Control Committee are established as advisory bodies.

(Board of Directors, Audit/Supervisory Committee, and Directors)

(1) Role of the Board of Directors

- The Board of Directors shall decide matters as authorized by relevant laws and regulations, the Articles of Incorporation and its own internal rules.
- The Board of Directors shall monitor the performance of duties by the individual directors and executive officers.
- The Board of Directors shall strive for optimal decision-making on basic management policies etc. with a view to maximizing corporate value.
- The Board of Directors shall fulfill corporate governance functions.

(2) Role of the Audit/Supervisory Committee

- The Audit/Supervisory Committee shall audit and supervise the execution of duties by the Directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group.
- To fulfill its audit and supervisory duties, the Audit/Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit and Legal and Compliance Departments. Such activities of the Committee shall include any of the following:
 - Attend, provide objective and fair opinions and exercise voting rights at Board of Directors meetings.
 - Attend and provide objective and fair opinions at other important Terumo Group meetings.

- Prepare audit reports.
- Establish and revise audit policies, methods for investigating and reviewing the Company's operations and assets, and other matters related to exercising the authority of the Audit/Supervisory Committee

(3) Composition

- The Board shall consist of no more than 15 persons, excluding the Audit/Supervisory Committee Members.
- The Audit/Supervisory Committee shall consist of no more than five directors, more than half of whom must be independent directors.
- Terumo shall strive to have independent directors account for approximately 20% or more of the Board membership.
- Independent directors shall be subject to the requirements of the Director Independence Standards.
- The Board of Directors is chaired by the Chairman and Representative Director of Terumo, in principle; provided, however, that if no Chairman has been appointed, the Nomination Committee shall propose a candidate for chair and the Board of Directors shall appoint such candidate as the chair for the Board of Directors meeting.
- The member of the Audit/Supervisory Committee shall elect one of the Committee members to serve as the chair of the Committee.

(4) Term of office

The term of office for Directors, excluding the Audit/Supervisory Committee Members, shall be one year. The term of office for Directors who are appointed Audit/Supervisory Committee Members shall be two years. Both Directors may be reappointed.

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 shall deliberate and advise 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 and executive officer other than the President and the Chairman
- Establishment of remuneration systems for directors and executive officers

(2) Committee Chair

The chair shall be elected from among the independent directors by vote of the committee members.

(3) Composition

The Corporate Governance Committee shall consist of a maximum of six directors selected by the Board of Directors from among the directors. Half or more of the members must be independent directors.

(Nomination Committee)

(1) Role

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

(2) Committee Chair

The chair shall be elected from among the independent directors by majority vote of the Committee members.

(3) Composition

The Committee shall be comprised of members of the Board selected by the Board. Independent directors shall account for a majority of the members of the Committee.

(Internal Control Committee)

(1) Role

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

(2) Committee Chair

The chair shall be the President and Representative Director.

(3) Composition

The Committee shall be comprised of Representative Directors, Directors ranked Managing Executive Officers or above, Expert Panel Chairpersons, Internal Control Department Managers, and external legal counsels.

Audit/Supervisory Committee Members may attend and speak at the meetings of the Committee. The Internal Control Department shall act as Secretariat of the Committee.

(Risk Management Committee)

(1) Role

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

(2) Committee Chair

The chair shall be the President and Representative Director.

(3) Composition

The Committee shall be comprised of executive officers ranked Managing Executive Officers or above, Internal Control Departments Managers, General Managers of Department Responsible for Main Corporate Functions, and designated person from the Chair.

Audit/Supervisory Committee Members may attend and speak at the meeting of the Committee. The Internal Control Department shall act as Secretariat of the Committee.

(5) Systems to Ensure the Appropriateness of Operations

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

1) System to ensure that the duties of Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation.

- i) The Company shall carry out continuous training and education of directors, executive officers, employees, and all other equivalent personnel in the Group (hereafter "Group Employees") regarding the Terumo Group's Code of Conduct in order to ensure penetration and thorough understanding that compliance with laws and ordinances and practice of corporate ethics (hereafter "compliance") is the foundation of the corporation's existence and business activities.
- ii) The Internal Control Committee, which is responsible for enacting the Internal Control System within the Group in accordance with this Basic Policy and the Board of Directors, shall deliberate and make decisions regarding important policies related to compliance, and regularly report the status of these activities to the Board of Directors and Audit/Supervisory Committee.
- iii) The Legal and Compliance Department shall be the primary entity implementing the compliance system across the Group, and under the leadership of the General Manager of the Legal and Compliance Department, the Company shall promote a variety of measures by creating related rules, performing enlightenment training and education, collecting letters of covenant, and coordinating with compliance officers to quickly discover and ascertain problems.
- iv) The Company shall build and operate a whistle-blowing system in which Group Employees can, upon discovering compliance violations, etc., report problems out of their usual line of authority and have the assurance that employees making reports (hereafter "whistleblowers") will not be treated disadvantageously. Further, the divisions operating the whistle-blowing system shall report on its status to the Audit/Supervisory Committee as necessary.
- v) In the event that significant compliance violations, etc. occur, a handling team shall be immediately created under the direction of the Chairman of Internal Control Committee, and that team shall, in addition to handling and resolving the occurrence, report or make proposals to the Internal Control Committee regarding the cause and recurrence prevention measures. In the event that in handling it is recognized that there has been a violation of Employment Rules by a Group Employee, discipline shall be strictly rendered in accordance with related disciplinary procedures.
- vi) The Internal Audit Department shall audit to confirm the operation and effectiveness of activities pursuant to the above clauses, and shall report and/or make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant matters are completed.

2) System for managing information (preservation, reading, security, disclosure, etc.) related to Terumo director of duties.

- i) In accordance with the "Document Management Standard," information related to director performance of duties shall be recorded and saved in documents or electronic media (hereafter "Documentation").
- ii) The period that records must be kept shall be the period established by the Document Management Standard, according to Documentation type and importance.
- iii) The Board of Directors, and the Audit/Supervisory Committee or Audit/Supervisory Committee members selected by the Audit/Supervisory Committee (hereafter "Selected Audit/Supervisory Committee members") shall be able to view the Documentation at all times.
- iv) For information security and protection of personal information, confidential work information and personal information shall be appropriately and safely stored and managed under the direction of the Information Strategy General Manager and in accordance with the "Information Security Standard," "Personal Information Protection Standard," and other related regulations.
- v) The Disclosure Panel of the Internal Control Committee, which is responsible for the Group's legal and timely information disclosure procedures, shall promote timely and appropriate information disclosure.
- vi) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established pursuant to the above clauses, and shall report and/or make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant matters are completed.

3) Terumo Risk management regulations and systems

- i) Established by decision of the Board of Directors, the Risk Management Committee is chaired by the President and Representative Director, and promotes the establishment of a risk management system throughout the Group based on the Risk Management Regulations set forth by the Board of Directors.
- ii) In addition to item i), the expert department dealing with separate risk categories including business, quality, product safety, disasters, the environment, etc., shall conduct education and training and awareness raising in accordance with the respective regulations, manuals, etc.
- iii) The Risk Management Committee shall, taking into account the priority of risks that may have serious impacts on Group management, deliberate and determine a Risk Management Policy consisting of such items as preventive measures, continuous education and training and awareness raising, and emergency handling of occurrences.
- iv) The Internal Control Department shall regularly or appropriately ascertain and identify risks related to the Group, analyze and evaluate those risks for their likelihood of occurrence and impact level, and then report and make proposals to the Risk Management Committee.
- v) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities pursuant to the above clauses, and shall report and/or make proposals to the Risk Management Committee regarding audit results while also confirming that measures to improve relevant matters are completed.

4) System for ensuring efficient director performance of duties

- i) In order to increase the Group's corporate value and benefit to shareholders, the Executive Management Meeting, Company Executive Management Meeting, Market Product Strategy Meeting, and other deliberative or specialized bodies composed of the directors and executive officers shall offer support, leadership, and oversight to business departments for efficient and rapid performance of duties toward achievement of the mid-term management plan and annual plans approved by the Board of Directors.
- ii) The Company shall make decisions rapidly and efficiently based on the "Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System," which clarify company decision-making.
- iii) Based on the "Regulations on Department Job Description." and other several regulations, the Group companies' policies and functions for operation of organizations shall be established.
- iv) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established pursuant to the above clauses, and shall report and/or make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant matters are completed.

5) System for ensuring appropriate work within a group composed of the Company, its parent company and its subsidiaries

- i) Group companies shall report execution of duties in accordance with Terumo Group Companies Executive Management Standards and other regulations, in a timely and appropriate manner.
- ii) The Internal Control Department shall provide leadership and support to Group companies in building risk management systems, in accordance with the Risk Management Policy established by the Risk Management Committee.
- iii) Group companies shall perform decision-making according to the degree of importance as prescribed by the Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System.
- iv) The Legal and Compliance Department shall, in accordance with the Terumo Group's Code of Conduct and related regulations, closely coordinate with the compliance officers of Group companies to promote compliance education and training and awareness raising.
- v) The Internal Audit Department shall audit to confirm the operation and effectiveness of the activities established pursuant to the above clauses, and shall report and make proposals to the Internal Control Committee regarding audit results while also confirming that measures to improve relevant matters are completed.

6) Items relating to directors and employees who assist with the duties of the Terumo Audit/Supervisory Committee

- i) The Audit/Supervisory Committee Office, consisting of two or more dedicated employees (hereafter "dedicated employees"), shall be established as an organization to assist the Audit/Supervisory Committee.

- ii) The Board of Directors may assign a Director with Special Assignment (Audit/Supervision) from among directors who are not Audit/Supervisory Committee members, who will have the duty to assist the Audit/Supervisory Committee in audits and supervision.
- 7) Items related to independence of a Director with Special Assignment (Audit/Supervision) and dedicated employees from directors who are not Audit/Supervisory Committee members**
- i) Submitting a proposal for election of a Director with Special Assignment (Audit/Supervision) to a Shareholders meeting shall require the prior approval of the Audit/Supervisory Committee. In the election of a Director with Special Assignment (Audit/Supervision), candidates' experience, knowledge, behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit/supervisory functions.
 - ii) Selection, performance evaluation, salary, placement, and discipline of dedicated employees shall require the prior approval of the Audit/Supervisory Committee. In the selection of dedicated employees, candidates' experience, knowledge, and behavior, etc. shall be carefully considered in light of the important role they will play as participants in audit/supervisory functions.
- 8) Items for ensuring the effectiveness of direction given from the Audit/Supervisory Committee to a Director with Special Assignment (Audit/Supervision) and Dedicated employees**
- Director with Special Assignment (Audit/Supervision) and dedicated employees shall perform their duties according to the direction and mandates of the Audit/Supervisory Committee and Selected Audit/Supervisory Committee members, and shall not receive direction or mandates from directors who are not Audit/Supervisory Committee members, or any other Group Employees.
- 9) System for Group Employees (hereafter "reporting personnel," and this includes those receiving reports as well) to report to the Audit/Supervisory Committee**
- i) In addition to legal items, directors or employees shall make timely and appropriate reports to the Audit/Supervisory Committee or Selected Audit/Supervisory Committee members according to the Internal Rules regarding Reporting by Directors or Employees to the Audit/Supervisory Committee.
 - ii) The Audit/Supervisory Committee or Selected Audit/Supervisory Committee members shall regularly receive reports on the operation status of, and content of, incidents reported under the internal reporting system established at the Group companies, and shall give direction and advice as appropriate.
- 10) System for ensuring that reporting personnel do not receive disadvantageous treatment by reason of making reports**
- i) Group directors and employees, in the event that a report has been made to the Audit/Supervisory Committee or Audit/Supervisory Committee member(s), shall prohibit any human resources-related or other type of detrimental treatment of the reporting person by reason of the person having made a report, and directors and employees shall thoroughly communicate this prohibition to all Group employees.
 - ii) The Audit/Supervisory Committee or Selected Audit/Supervisory Committee members may require from directors disclosure and explanation of the reasons regarding the placement, performance evaluation, or discipline, etc. of a reporting person.
- 11) Items regarding policy for prepayment or reimbursement procedures for expenses related to performing Audit/Supervisory Committee duties, and processing of expenses or liabilities relating to performance of other duties**
- i) The Audit/Supervisory Committee or Selected Audit/Supervisory Committee members may invoice the Group for expenses related to performance of their duties, as established by laws and ordinances.
 - ii) The Audit/Supervisory Committee and Selected Audit/Supervisory Committee members may obtain the services of external experts when such are deemed necessary to the performance of their duties. Further, the expenses associated with obtaining these services shall be applicable under 1) above.
- 12) Systems for ensuring that other audits of the Audit/Supervisory Committee are performed effectively**
- i) The Representative Director shall regularly hold meetings to exchange opinions with the Audit/Supervisory Committee.

- ii) Selected Audit/Supervisory Committee members may attend important meetings such as the Executive Management Meeting.
- iii) In addition to regular reporting meetings with internal audit departments and with external auditors, the Audit/Supervisory Committee or Selected Audit/Supervisory Committee members shall hold meetings as necessary with these departments or bodies.

(6) Status of Operation of Systems to Ensure the Appropriateness of Operations

The overview of the status of operation of systems to ensure the appropriateness of operations during fiscal 2015 is stated below.

1) System to ensure that the duties by Directors and Employees are performed in compliance with laws and ordinances and the Articles of Incorporation.

The Company carried out training and education of Group Employees regarding the Terumo Group's Code of Conduct. At quarterly meetings of the Internal Control Committee, important policies related to compliance were deliberated and decided. The Chief Legal Officer (CLO) (concurrently serving as the General Manager of the Legal and Compliance Department) is working to improve compliance systems through coordination with Compliance Officers of Group companies, reviewing the reporting line for serious issues, and reports the status of responses to issues to Internal Control Committee.

2) System for managing information (preservation, reading, security, disclosure, etc.) related to Terumo director of duties.

The Company has revised the "Document Management Standard," and is striving to communicate it throughout the Group. The Company is implementing appropriate management of confidential work information and personal information in accordance with the "Information Security Standard" and the "Personal Information Protection Standard." Disclosure to external parties is judged by a special panel in the Internal Control Committee.

3) Terumo Risk management regulations and systems

The Company has newly established the Risk Management Committee, established the Risk Management Regulations and Risk Management Guidelines, identified risks of the Company's departments and subsidiaries of the Group, selected material risks, and reported to the Risk Management Committee.

4) System for ensuring efficient director performance of duties

The Company ensures efficient performance of duties by directors through meetings of the Board of Directors (12 times), the Executive Management Meeting (29 times), the Market Product Strategy Meeting (11 times), and other special meetings. The Company revised the "Regulations on Department Job Description" to establish the Group companies' policies and functions for operation of organizations.

5) System for ensuring appropriate work within a group composed of the Company, its parent company and its subsidiaries

The reporting system has been established in accordance with the revised Terumo Group Companies Management Regulations and other regulations. The status of operation is monitored in accordance with the Regulations on Proposals to Official Meeting Bodies and on Corporate Authorization System.

6) System to assist the Company's Audit/Supervisory Committee with its duties and matters concerning reporting

The Company has put in place a system to assist Audit/Supervisory Committee members with their duties, including the establishment of the Audit/Supervisory Committee Office, which is independent from directors. A system is in place that enables Audit/Supervisory Committee members to access the reports made pursuant to the Internal Rules regarding Reporting by Directors or Employees to the Audit/Supervisory Committee and the internal reporting system. The Company has thoroughly communicated to all Group employees that any person who makes internal reports shall not receive any detrimental treatment.

7) Operating status concerning internal audit

In accordance with the Internal Audit Regulations, the Internal Audit Department performs internal audits of the Company's departments and Group companies from the viewpoints of effectiveness and efficiency of operations, compliance, and reliability of financial reporting, as necessary, and reports the audit results to the President and Representative Director, the Audit/Supervisory Committee, the Internal Control Committee, etc.

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.

Consolidated Financial Statements

(From April 1, 2015 to March 31, 2016)

Consolidated Balance Sheet

Fiscal Year 2015 (As of March 31, 2016)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Current assets	374,746	Current liabilities	168,835
Cash and deposits	149,672	Notes and accounts payable-trade	36,294
Notes and accounts receivable-trade	104,426	Short-term loans payable	61
Merchandise and finished goods	59,132	Current portion of long-term loans payable	19,839
Work in process	10,194	Lease obligations	256
Raw materials and supplies	27,126	Current portion of bonds	40,000
Deferred tax assets	14,963	Income taxes payable	9,778
Other	10,621	Deferred tax liabilities	56
Allowance for doubtful accounts	(1,390)	Provision for bonuses	5,869
		Provision for directors' bonuses	170
		Notes and accounts payable-facilities	5,451
		Other	51,057
Noncurrent assets	521,657		
Property, plant and equipment	175,794	Noncurrent liabilities	221,304
Buildings and structures	65,207	Convertible bond-type bonds with subscription rights to shares	100,184
Machinery, equipment and vehicles	54,362	Long-term loans payable	58,873
Land	23,297	Lease obligations	286
Lease assets	881	Deferred tax liabilities	45,079
Construction in progress	21,417	Provision for directors' retirement benefits	66
Other	10,628	Retirement benefit liability	8,656
Intangible assets	290,514	Asset retirement obligations	230
Goodwill	143,707	Other	7,925
Customer relationships	90,750		
Other	56,056	Total liabilities	390,140
Investments and other assets	55,348		
Investment securities	37,724	(Net assets)	
Deferred tax assets	3,436	Shareholders' equity	445,178
Other	14,186	Capital stock	38,716
Deferred assets	5,281	Capital surplus	50,928
		Retained earnings	419,573
		Treasury stock	(64,040)

		Accumulated other comprehensive income	66,074
		Valuation difference on available-for-sale securities	16,308
		Deferred gains (losses) on hedges	(13)
		Foreign currency translation adjustment	63,182
		Accumulated adjustment for retirement benefit	(13,403)
		Subscription rights to shares	183
		Non-controlling interests	109
		Total net assets	511,544
Total assets	901,685	Total liabilities and net assets	901,685

Consolidated Statement of Income

Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

Account item	Amount	
Net sales		525,026
Cost of sales		240,125
Gross profit		284,900
Selling, general, and administrative expenses		203,197
Operating income		81,703
Non-operating income		2,856
Interest income	665	
Dividends income	277	
Royalty income	209	
Equity in earnings of affiliates	328	
Other	1,375	
Non-operating expenses		11,468
Interest expenses	1,395	
Sales discounts	437	
Foreign exchange losses	7,485	
Loss on disposal of inventories	82	
Structural reform-related expenses	222	
Other	1,845	
Ordinary income		73,090
Extraordinary income		7,494
Gain on sales of noncurrent assets	4,917	
Gain on sales of investment securities	793	
Subsidy income	1,783	
Extraordinary loss		3,665
Loss on disposal of noncurrent assets	895	
Impairment loss	1,010	
Settlement package	1,656	
Loss on liquidation of subsidiaries	102	
Income before income taxes		76,920
Income taxes		26,290
Income taxes-current	27,718	
Income taxes-deferred	(1,427)	
Profit		50,630
Loss attributable to non-controlling interests		(46)
Profit attributable to owners of parent		50,676

Consolidated Statement of Changes in Net Assets

Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

(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	383,317	(3,035)	471,102
Cumulative effects of changes in accounting policies		(1,175)	(1,220)		(2,396)
Beginning of period as restated	38,716	50,928	382,097	(3,035)	468,706
Changes of items during the period					
Dividends from surplus			(13,200)		(13,200)
Profit attributable to owners of parent			50,676		50,676
Purchase of treasury stock				(61,004)	(61,004)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	37,476	(61,004)	(23,528)
Balance at the end of current period	38,716	50,928	419,573	(64,040)	445,178

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	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	16,910	—	89,043	(3,611)	102,341	78	—	573,523
Cumulative effects of changes in accounting policies								(2,396)
Beginning of period as restated	16,910	—	89,043	(3,611)	102,341	78	—	571,126
Changes of items during the period								
Dividends from surplus								(13,200)
Profit attributable to owners of parent								50,676
Purchase of treasury stock								(61,004)
Net changes of items other than shareholders' equity	(602)	(13)	(25,860)	(9,792)	(36,267)	105	109	(36,053)
Total changes of items during the period	(602)	(13)	(25,860)	(9,792)	(36,267)	105	109	(59,582)
Balance at the end of current period	16,308	(13)	63,182	(13,403)	66,074	183	109	511,544

Non-consolidated Financial Statements

(From April 1, 2015 to March 31, 2016)

Non-consolidated Balance Sheet

Fiscal Year 2015 (As of March 31, 2016)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Current assets	223,572	Current liabilities	145,707
Cash and deposits	78,622	Notes payable-trade	1,574
Notes receivable-trade	480	Accounts payable-trade	32,940
Accounts receivable-trade	89,166	Short-term loans payable	23,192
Merchandise and finished goods	30,880	Current portion of long-term loans payable	10,000
Work in process	4,635	Lease obligations	117
Raw materials and supplies	9,700	Current portion of bonds	40,000
Prepaid expenses	1,052	Accounts payable-other	15,985
Deferred tax assets	4,595	Accrued expenses	2,319
Short-term loans receivable	1,147	Income taxes payable	8,884
Other	3,771	Deposits received	229
Allowance for doubtful accounts	(479)	Provision for bonuses	5,568
		Provision for directors' bonuses	170
		Notes and accounts payable-facilities	4,659
		Other	65
Noncurrent assets	532,558	Noncurrent liabilities	142,127
Property, plant and equipment	88,891	Convertible bond-type bonds with subscription rights to shares	100,184
Buildings	34,014	Long-term loans payable	40,000
Structures	1,209	Lease obligations	117
Machinery and equipment	20,447	Deferred tax liabilities	1,205
Vehicles	60	Provision for retirement benefits	45
Tools, furniture and fixtures	6,890	Long-term guarantee deposited	317
Land	18,309	Provision for directors' retirement benefits	66
Lease assets	234	Asset retirement obligations	162
Construction in progress	7,723	Other	28
Intangible assets	7,700	Total liabilities	287,834
Leasehold right	882		
Software	6,786	(Net assets)	
Other	31	Shareholders' equity	451,799
Investments and other assets	435,966	Capital stock	38,716
Investment securities	31,762		

Stocks of subsidiaries and affiliates	315,508	Capital surplus	52,103
Investments in capital of subsidiaries and affiliates	14,109	Legal capital surplus	52,103
Long-term loans receivable from subsidiaries and affiliates	54,066	Retained earnings	425,019
Long-term prepaid expenses	1,934	Legal retained earnings	3,297
Other	18,583	Other retained earnings	421,722
		Reserve for reduction entry	696
		General reserve	82,900
		Retained earnings brought forward	338,125
		Treasury stock	(64,040)
		Valuation and translation adjustments	16,313
		Valuation difference on available-for-sale securities	16,308
		Deferred gains or losses on hedges	5
		Subscription rights to shares	183
		Total net assets	468,296
Total assets	756,131	Total liabilities and net assets	756,131

Non-consolidated Statement of Income

Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

Account item	Amount	
Net sales		287,136
Cost of sales		151,533
Gross profit		135,603
Selling, general, and administrative expenses		70,296
Operating income		65,306
Non-operating income		6,027
Interest income	664	
Dividends income	3,264	
Royalty income	1,491	
Other	608	
Non-operating expenses		7,167
Interest expenses	658	
Sales discounts	437	
Foreign exchange losses	5,419	
Other	651	
Ordinary income		64,167
Extraordinary income		5,330
Gain on sales of noncurrent assets	4,537	
Gain on sales of investment securities	793	
Extraordinary loss		2,097
Loss on disposal of noncurrent assets	301	
Impairment loss	139	
Settlement package	1,656	
Income before income taxes		67,400
Income taxes		21,393
Income taxes-current	19,993	
Income taxes-deferred	1,400	
Net income		46,006

Non-consolidated Statement of Changes in Net Assets

Fiscal Year 2015 (From April 1, 2015 to March 31, 2016)

(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	698	39	82,900	305,278	392,213
Changes of items during the period									
Dividends from surplus								(13,200)	(13,200)
Net income								46,006	46,006
Purchase of treasury stock									
Reversal of reserve for reduction entry					(1)			1	–
Reversal of reserve for special depreciation						(39)		39	–
Net changes of items other than shareholders' equity									
Total changes of items during the period	–	–	–	–	(1)	(39)	–	32,847	32,806
Balance at the end of current period	38,716	52,103	52,103	3,297	696	–	82,900	338,125	425,019

	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	(3,035)	479,998	16,910	—	16,910	78	496,987
Changes of items during the period							
Dividends from surplus		(13,200)					(13,200)
Net income		46,006					46,006
Purchase of treasury stock	(61,004)	(61,004)					(61,004)
Reversal of reserve for reduction entry		—					—
Reversal of reserve for special depreciation		—					—
Net changes of items other than shareholders' equity			(602)	5	(596)	105	(491)
Total changes of items during the period	(61,004)	(28,198)	(602)	5	(596)	105	(28,690)
Balance at the end of current period	(64,040)	451,799	16,308	5	16,313	183	468,296