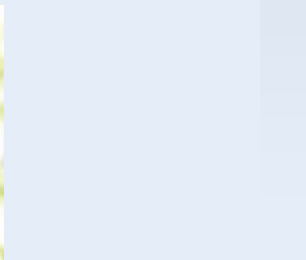
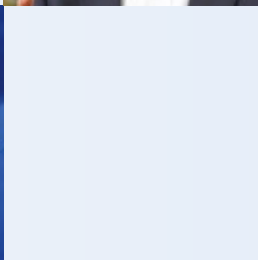
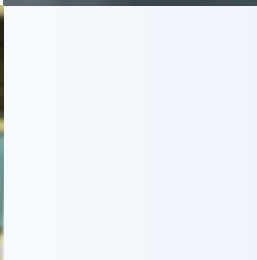
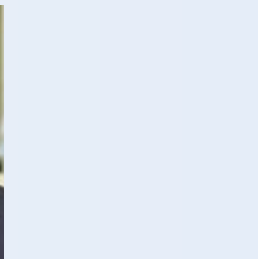
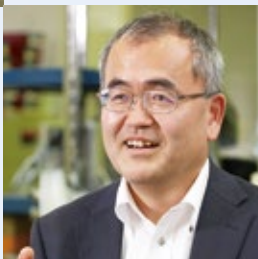
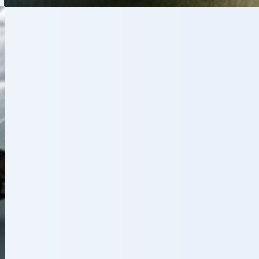
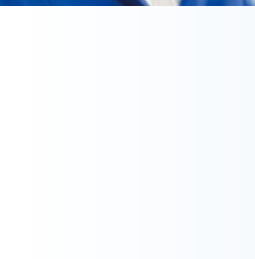


Annual Report 2016





© Courtesy of the Kitasato Institute archives

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

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

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

Corporate Mission

Contributing to Society through Healthcare

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

Five Statements

Open Management:

We maintain a fundamental policy of open management, work to secure and return to our benefactors a suitable profit, and strive to develop our business on a global basis as befits a leading company in the industry.

Enhanced Value:

We emphasize the importance of scientific thinking, creativity, and time appropriation, and respond in depth to customer needs by creating valued products and services.

Safety and Reliability:

We pride ourselves on our commitment to the development of technologies and quality assurance systems that ensure safe, reliable products.

Respect for our Associates:

We emphasize respect for the individual, promote intercultural understanding, and encourage openness in the workplace in accordance with our slogan, "Associate Spirit," as we prepare to meet the challenges of the future.

Corporate Citizenship:

We conduct our business activities in a fair and equitable manner and act responsibly toward the environment as we fulfill our responsibilities as a good corporate citizen.

Global Vision

Innovating at the Speed of Life

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

2	Corporate Mission and Global Vision
3	Contents/Editorial Policy
4	Feature Article: Innovating to Create Value through New Perspectives and Synthesis
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Editorial Policy

Terumo's Annual Report 2016 was prepared to provide stakeholders with a clear, coherent description of the business activities we have undertaken to fulfill our corporate mission of "Contributing to Society through Healthcare," and to promote communication with society.

This report comprises the following four sections. All are available for download from our website at:

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

Report Section	Languages	Formats
Annual Report 2016	English, Japanese	Printed report, PDF file
Financial Information	English	PDF file
Technology and Quality Section	English, Japanese	PDF file
Sustainability Section	English, Japanese	PDF file

The Annual Report and Financial Information sections focus on providing information on our principal business activities and results. The feature article toward the front of the report describes how innovating through new perspectives and synthesis advances our corporate mission and results in new value for medical settings.

Readers will also find details on our R&D and production activities in the Technology and Quality Section of the report, and descriptions of our environmental and social contribution initiatives in the Sustainability Section.

Coverage

Report coverage includes to the extent possible those elements of the global Terumo Group falling within the scope of consolidated earnings statements. Coverage, however, differs in certain instances.

Reporting Period

This report covers activities for fiscal 2015 (April 1, 2015 to March 31, 2016). However, some of our most recent activities are also included.

Note Regarding Forward-Looking Statements

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

Feature Article

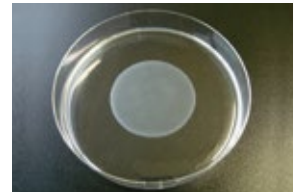
Innovating to Create Value through New Perspectives and Synthesis

With the corporate mission of “Contributing to Society through Healthcare,” the Terumo Group has brought valuable innovation to medical settings by thoroughly seeking out new perspectives and combining existing concepts.

We will continue to flexibly incorporate diverse perspectives and take on challenges in order to create and deliver innovations of value to both recipients and providers of healthcare.

CASE 1 From Japan, the World’s First Cellular and Tissue-based Product designed for the Treatment of Severe Heart Failure: HeartSheet®

Providing a New Alternative to Patients Awaiting Treatment



p.5

CASE 2 Percutaneous Coronary Intervention via the Radial Artery in the Wrist: Transradial Intervention (TRI)

Contributing to Improvement of Patients’ QOL and Medical Cost Efficiency



p.7

CASE 3 Japan’s First Intradermal Injection Device with Unique Needle Design: Immucise

Making Difficult Intradermal Injections Simpler and More Certain

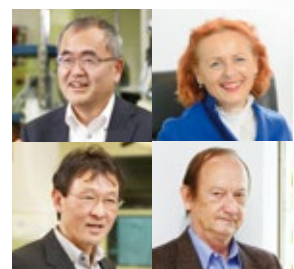


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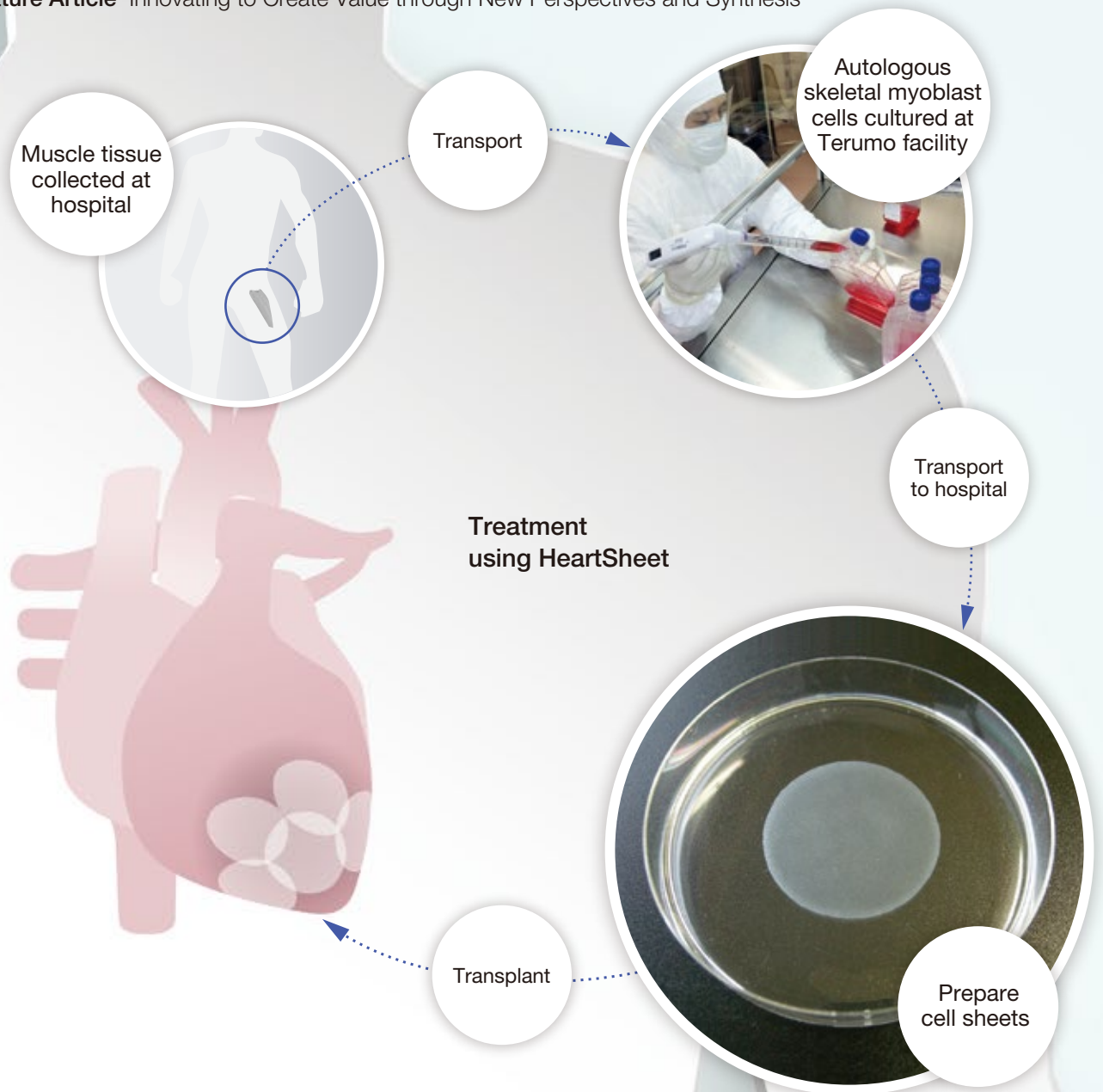
Strengthening of Innovation-Producing Research and Development

Seeking Innovation of Value by Understanding the Perspectives of Medical Settings

- “Terumo Fellows” Drive Innovation through Outstanding Expertise
- Developing Medical Devices through the Biodesign Program



p.11



CASE 1

From Japan, the World's First Cellular and Tissue-based Product Designed for the Treatment of Severe Heart Failure: HeartSheet®

Providing a New Alternative to Patients Awaiting Treatment

Seeking to Provide a New Treatment Alternative

HeartSheet is a product designed for the treatment of severe heart failure resulting from ischemic heart disease. In September 2015, Terumo obtained approval* for the manufacture and sale of the world's first cellular and tissue-based product for severe heart failure, and launched HeartSheet in May 2016.

Treatment using HeartSheet consists of collecting muscle tissue from the patient's own body, culturing cells from that tissue, forming the cells into sheets, and transplanting the sheets onto the surface of the patient's heart. The product is intended for use with patients who have seen insufficient efficacy from the conventional treatments of medication or coronary artery bypass surgery. The new HeartSheet treatment is expected to restore heart function. One major benefit of the product is that because the cultured cells are collected from the patient's own body, there is no adverse reaction to the cells.

*Conditional and time-limited approval

Breakthrough Achieved by a Change in Thinking

HeartSheet was developed by a project started in 2002 with the goal of using regenerative medicine to restore heart muscle function in treating severe heart failure, which has few treatment options. At that time, the expected treatment method was administration of the cultured cells through injection. In 2007, however, the method was shifted to sheets for transplant, which were expected to increase the efficacy. This transition in thinking to find a new combination provided a breakthrough in development. Following successful clinical trials that started in 2012, Terumo applied for manufacture and sale approval in 2014, and received conditional and time-limited approval just under a year later.

Achievement through Cooperation of Industry, Academia, and Government

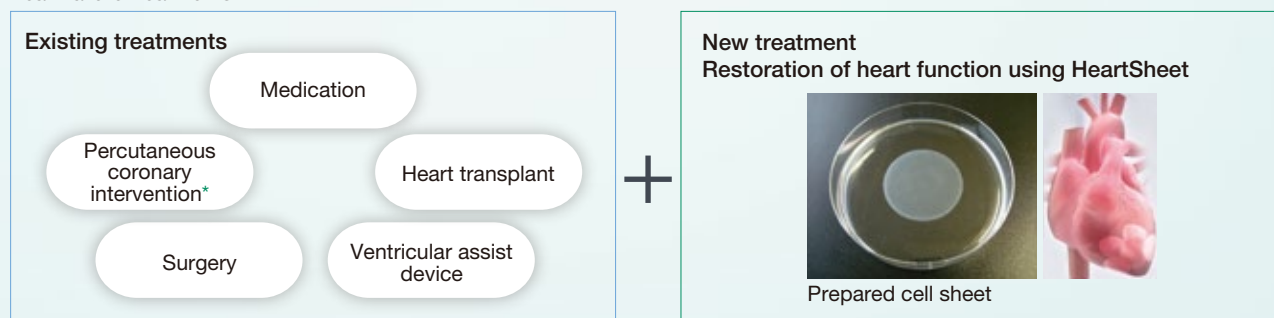
HeartSheet is the result of collaboration by industry, academia, and government. The product's development and manufacturing incorporate "cell sheet engineering" methods established by Professor Teruo Okano of Tokyo Women's Medical University; the autologous myoblast cell sheet technology and transplantation method of Professor Yoshiki Sawa of Osaka University; and the cellular product manufacturing and quality control technology of Terumo. In addition, Terumo used the new approval review system provided for cellular and tissue-based products in Japan's 2014 Pharmaceutical and Medical Device Act. HeartSheet is the first product that obtained conditional and time-limited approval within the new system.

HeartSheet Will be a Breakthrough in Accelerating the Commercialization of Regenerative Medicine

HeartSheet is important not only because of its value as a new treatment alternative; it is also a breakthrough in accelerating the commercialization of regenerative medicine. It was previously very difficult to definitively show the efficacy of cellular and tissue-based products, meaning that getting products to market took a long time. With the introduction of a new regulatory system for quickly approving these products, and HeartSheet obtaining the first conditional and time-limited approval within that system, we expect that numerous other cellular and tissue-based products will be more rapidly developed and commercialized. Progress in the commercialization of regenerative medical products will expand the range of effective treatments for illnesses that have no effective treatment, providing enormous value to society. Terumo intends to further expand the potential of heart muscle regenerative medicine in order to bring valuable, effective treatments to the patients awaiting them.

Providing new treatment alternative

Heart failure treatments



*Used for the treatment of ischemic heart disease, which is considered to be one of the causes of heart failure

CASE 2

Percutaneous Coronary Intervention via the Radial Artery in the Wrist: Transradial Intervention (TRI)

Contributing to Improvement of Patients' QOL* and Medical Cost Efficiency

*Quality of life

TRI Increasingly Used Globally

Transradial intervention (TRI) is an interventional procedure for treating coronary artery disease. In TRI, a catheter is inserted into the radial artery, a blood vessel in the wrist, in order to access and treat lesions in the coronary artery. Previously, catheters were commonly inserted through the femoral artery. TRI results in fewer complications and greatly shortens patient hospital stays, contributing to improved patient QOL and greater medical cost efficiency. As increasing healthcare costs become a more significant challenge mainly in developed nations, TRI is expanding throughout the world. Just eight years ago, TRI accounted for less than 5%* of coronary interventional procedures in the United States. However, now it accounts for 30%* of such procedures, and is expected to reach 50%* by 2020.

*Terumo estimates

Device Developed by Innovating Multiple Terumo Technologies

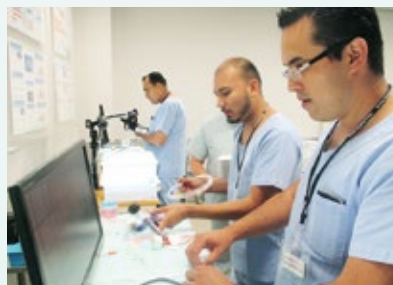
Because the blood vessels in the wrist are difficult to puncture due to their narrowness, and the blood vessels leading from there to the heart are winding, it was previously difficult to access through the wrist to the location of a lesion in the coronary artery. Terumo succeeded in developing an introducer sheath (a product that enables access into a blood vessel) with sufficient internal diameter to accept existing catheters, while also having a reduced outer. These achievements allow elderly and female patients with narrow blood vessels to undergo TRI. Additionally, Terumo improved the guidewire used to guide the catheter to the lesion, making it travel more smoothly through winding blood vessels by using shape-memory metal alloy and applying a coating on the outer surface to increase lubricity. The fusion of multiple Terumo technologies has enabled the previously challenging TRI and contributed to its expansion.

Spreading Expertise from Physician to Physician through Trainings

New medical treatments are only effective when medical professionals are able to perform them appropriately; this requires education and training. Terumo Medical Pranex, Terumo's own training facility for medical professionals, has cath labs that simulate medical settings and enable training and seminars on proper product use. Terumo Medical Pranex is capable of providing systematic education programs for TRI as well. There, physicians can use Terumo's exclusively developed blood vessel model to receive training in radial artery puncture and catheter manipulation. Terumo has also invited physicians from overseas to receive TRI training from Japanese physicians, leading to steady expansion of understanding and utilization of the technique globally.

Creating Social Innovation

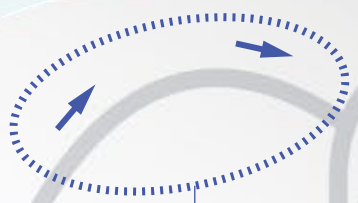
In order to further spread medical treatments that benefit society, great efforts are needed to convince patients and medical professionals to accept the value of the technologies coupled with developing the valued products. Terumo has provided training and seminars to promote global expansion of TRI, and will continue to create innovation that brings value to society through vascular interventional therapy for various parts of the body as well.



TRI training at Terumo Medical Pranex



Uniquely developed blood vessel model for TRI training

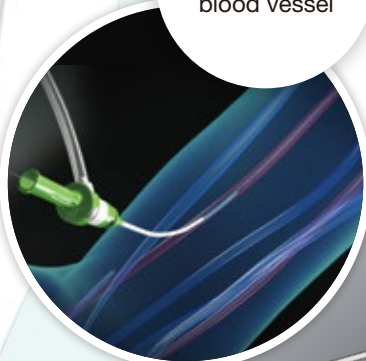


Guidewire



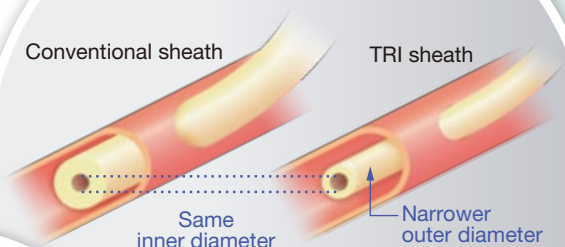
Smooth travel through winding blood vessels

Placement of sheath in wrist blood vessel



Conventional sheath

TRI sheath

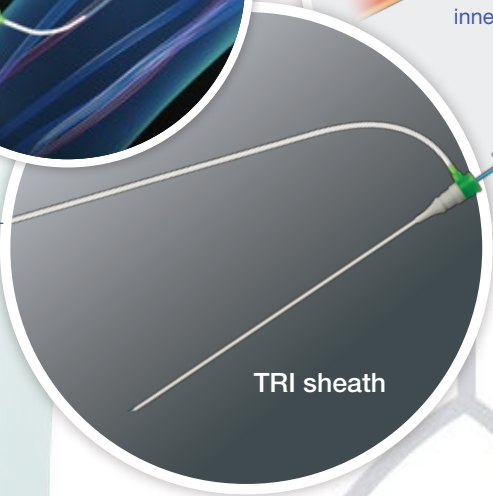


Same inner diameter

Narrower outer diameter

Maintains the same inner diameter while enabling approach through narrow blood vessels in the wrist

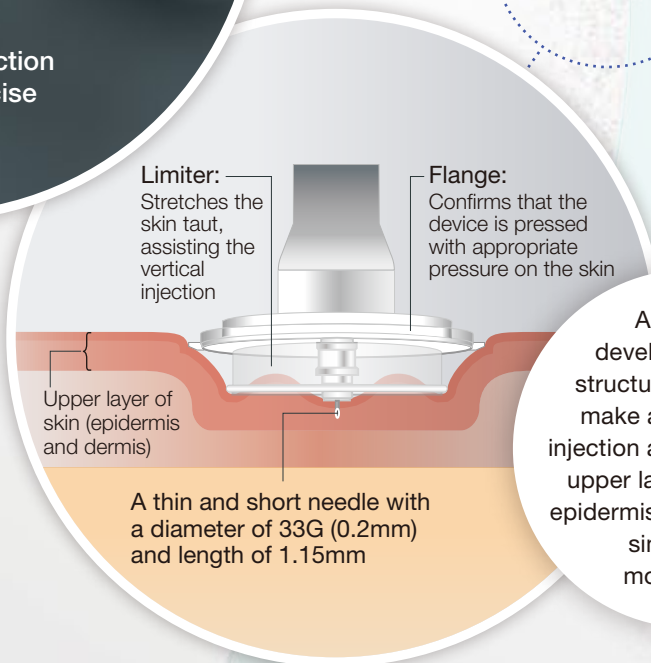
TRI sheath





Intradermal Injection Device: Immucise

Injection is simple:
Bring the needle vertically
to the skin, and press



A uniquely developed needle structure that aims to make an intradermal injection administered into upper layer of skin (the epidermis and the dermis) simpler and more certain

CASE 3

Japan's First Intradermal Injection Device with Unique Needle Design: Immucise®

Making Difficult Intradermal Injections Simpler and More Certain

Intradermal Injection Considered to Have Great Potential

The location where an injection is made varies, depending on the medication and purpose; it could be intradermal, subcutaneous, intravenous, or intramuscular. Normally, vaccines for influenza and other infectious diseases have been administered subcutaneously or into muscle. However, the upper layers of the skin—the epidermis and dermis—contain a large amount of the cells related to immunity: immunocytes. In recent years, it has been found that intradermal injections of vaccines produce immunological effects rapidly and require less vaccine than subcutaneous or muscular injections to acquire the same level of effect. Intradermal injection can also give immunity to people such as the elderly, who may have weakened immune systems. Intradermal injection is performed using a thin needle that has been accurately positioned against the skin. However, one weakness of intradermal injection has been that because these skin layers are only about two millimeters thick, variability in the skill of the physician giving the injection can affect effectiveness.

Pursuit of a Shape for Simple, Certain Injection

Terumo began development with the concept of a design that could perform intradermal injection in a simple, certain way; this was the beginning of Immucise. Starting in 2010, Terumo collaborated with the pharmaceutical company Daiichi Sankyo Co., Ltd. to jointly research an intradermal seasonal influenza vaccine. During development of Immucise, Terumo studied the method of a vertical “press injection” to enable simple, certain insertion of the needle into the thin upper skin layer. As development progressed,

it became clear that the structure of the syringe that touched the skin and the length of the needle were critical design elements. Terumo studied various syringe structures for stretching the skin taut in order to insert the needle easily, and explored multiple needle shapes for reaching the ideal depth in the upper layer of skin, and then carefully evaluated the optimal combination of structure and shape in a lengthy trial-and-error process. This work successfully resulted in a new device capable of intradermally injecting, even into thin upper layer of skin, simply and with certainty.

Expanding Development and Applications through Collaboration with Pharmaceutical Companies

Through development projects including Japan's first plastic prefilled syringe and the world's thinnest pen needle for insulin self-injection created to reduce patient pain, the NANOPASS 34, Terumo has accumulated a wealth of expertise and achievement in the field of syringes and needles. Terumo brought this vast expertise to bear in the development of Immucise. The development and mass production of vaccines using Immucise also represents a fusion of this Terumo expertise with the vaccine development and production know-how of pharmaceutical companies.

In September 2015, the Immucise intradermal injection needle was approved for manufacture and sale in Japan. Immucise will be used for the influenza vaccine, but further application of the product is expected with other vaccines going forward. Terumo also looks to expand the use of Immucise beyond Japan and into the global market, and will continue working to bring the value of intradermal injection to more medical settings.

Strengthening of Innovation-Producing Research and Development

Seeking Innovation of Value by Understanding the Perspectives of Medical Settings

At the Terumo Group, we pursue innovation in every work process. We believe that the source of creating innovation to bring value to medical settings is research and development capabilities and the people who sustain those activities.

In a changing healthcare environment, the Terumo Group is applying new perspectives and methodologies to cultivating the people who sustain our research and development. This will accelerate and increase the amount of high-quality innovation we can achieve to serve the needs in medical settings.

Bringing New Value to Medical Settings through Innovative Technology

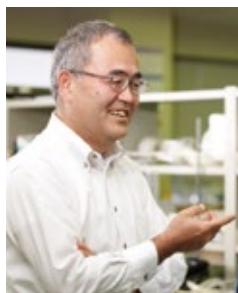
“Terumo Fellows” Drive Innovation through Outstanding Expertise

In April 2016, Terumo created the “Terumo Fellow” Program to recognize and appoint as “Terumo Fellows” associates with expertise and experience in their fields, and who have made outstanding contributions leading to innovation in medical settings around the world, and in technology, research, and clinical development.

The following four individuals achieved outstanding innovation and brought new value to medical settings by demonstrating tireless effort and determination to

incorporate new perspectives and synthesize existing concepts. All of these individuals have embodied the Terumo global vision of “Innovating at the Speed of Life,” long before it was officially set as our vision. In doing so they have made enormous accomplishments benefitting medical settings in a variety of fields.

Terumo Fellows will continue to drive research and development in their fields, both by personally innovating and by advising the young engineers who will sustain Terumo Group growth into the future.



Atsuhiko Nogawa

Terumo Fellow
Vice President, CV Division R&D,
Cardiac and Vascular Company,
Terumo Corporation

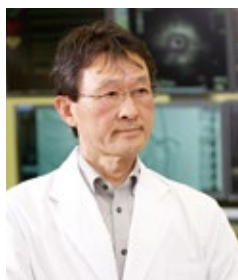
Outstanding Achievements
– Developed and commercialized oxygenator and related devices for use in cardiac surgery
– Developed endoscopic blood vessel harvesting devices



Dragica Paunovic, M.D.

Terumo Fellow
Chief Medical Officer, Vice president
Clinical, Terumo EMEA

Outstanding Achievements
– Led the global deployment of medical device technologies developed in Japan, especially by initiating and conducting early and late stage clinical trials in Europe and other continents.
– Enabled global deployment of interventional systems products including drug-eluting stents and OFDI (Optical Frequency Domain Imaging) instruments, and many others.



Hiroyuki Yagami

Terumo Fellow
Chief Researcher, TIS Division R&D,
Cardiac and Vascular Company,
Terumo Corporation

Outstanding Achievements
– Developed the first intravascular coronary ultrasound diagnosis device produced in Japan
– Developed sensors, catheters, and materials for use with intravascular coronary ultrasound diagnosis



Dennis Hlavinka

Terumo Fellow
Director of Engineering,
Terumo BCT, Inc.

Outstanding Achievements
– Developed a centrifugal method for the removal of contaminating leukocytes from platelets as they are being harvested for transfusion

Clinical Observation to Find Needs and Create Innovation

Developing Medical Devices through the Biodesign Program

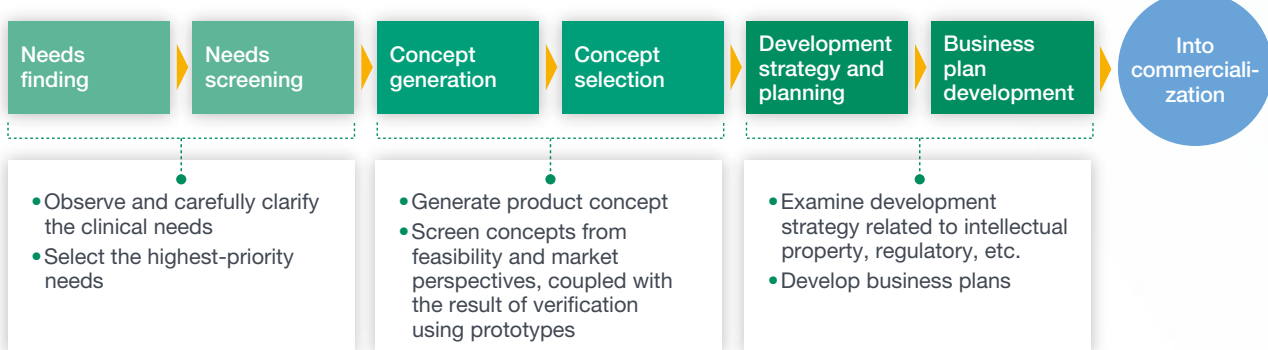
The Biodesign Program is a program at Stanford University that links the three fields of medicine, engineering, and business. Its purpose is to systematically and practically cultivate the way of thinking and skills necessary to perform problem-solving innovation in medical device development.

In the Biodesign process, participants carefully observe to identify the potentially hidden clinical needs, and then select the highest-priority needs. Based on these identified needs, product concepts are generated and screened from feasibility and market perspectives, coupled with the result of early verification using prototypes. Development strategies and business plans are then formulated with the aim of successful commercialization. This process of

screening the highest-priority needs and clarifying product concepts enables more rapid and market-targeted product development.

Terumo uses the Biodesign methodology widely to develop its research and development human resources as well as improve the real process of medical devices development. In 2013, R&D headquarters adopted the Biodesign process as a method of human resource development for acquiring its way of thinking and skills to create further innovation. Furthermore, in 2014, Terumo organized the “Medtech Design Team” for medical device development using the Biodesign process with the aim of achieving more innovation for solving clinical needs at increased speed.

Biodesign: The process of innovating medical technologies



The Medtech Design Team working at a hospital (two on right and left; one in the middle)



The Medtech Design Team working at Terumo

Continuing to Deliver Valuable Innovation to Medical Settings through New Ideas and Challenges



With our corporate mission of “Contributing to Society through Healthcare,” we at the Terumo Group provide a stable supply of high quality medical devices and services to patients and medical settings across the globe, while proactively working to solve a variety of challenges in healthcare. Going forward, we will keep incorporating new ideas and perspectives in order to deliver valuable innovation to patients awaiting therapies and changing medical settings around the world.

A handwritten signature in black ink, reading "Yutaro Shintaku". The signature is written in a cursive, flowing style.

Yutaro Shintaku
President and CEO

Looking Back on Fiscal 2015

Best-ever Sales and Profits Achieved “Roadmap to Fiscal 2016” Target a Year Ahead of Schedule

Consolidated net sales of the Terumo Group for the fiscal year ended March 31, 2016 (fiscal 2015) increased 7.3% to 525 billion yen, and operating income grew 21.1% to 81.7 billion yen, owing to double-digit sales growth in the Terumo Interventional Systems (TIS) and Neurovascular businesses, sales expansion of high-margin products, and cost improvements. Net sales exceeded the 500-billion-yen mark, and operating income, ordinary income, and net income were all best-ever results. Further, we achieved—a year ahead of schedule—a 20% operating profit margin before amortization of goodwill and other intangibles, which was the goal of the “Roadmap to Fiscal 2016” that we adopted in fiscal 2013 to improve profitability. In the area of shareholder return, we continued to steadily increase dividends; we paid out 39 yen per share for fiscal 2015, an 8.5-year-on-year increase. We also performed share buybacks of 11 billion and 50 billion yen, for a total of 61 billion yen, in order to eliminate cross-shareholdings and

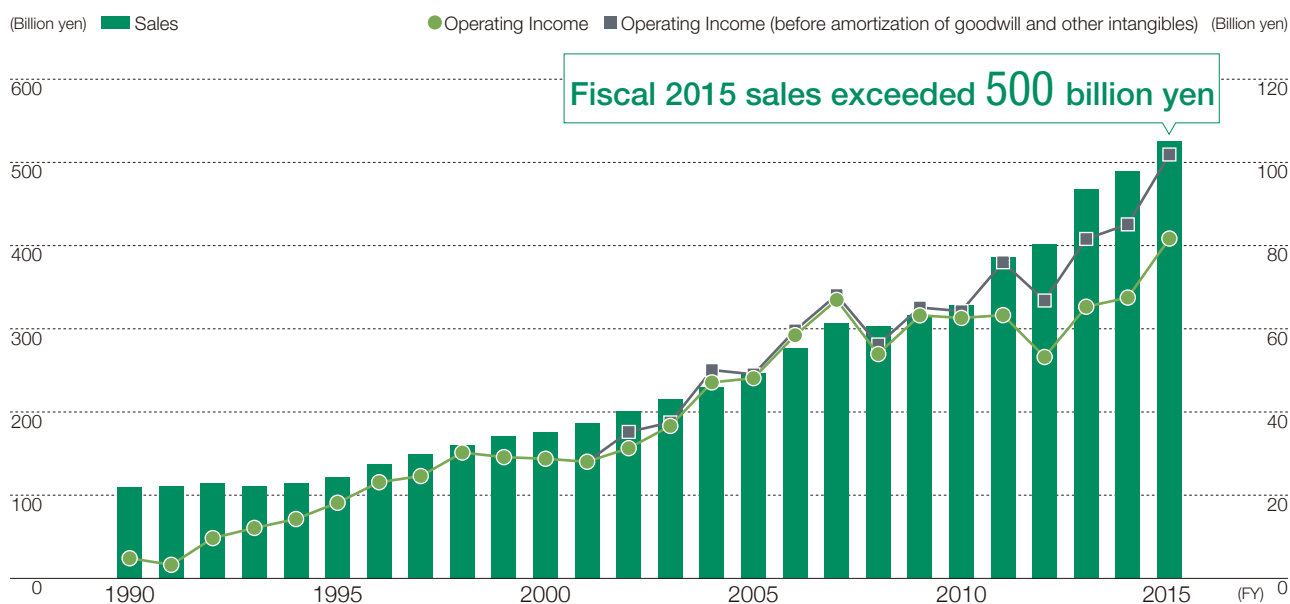
improve our return on equity. Our ROE improved from 7.2% in fiscal 2014 to 9.3% in fiscal 2015.

Strengthened Global Headquarters Functions and Corporate Governance to Support Business-Led Management

In fiscal 2014, Terumo introduced business-led management globally, transitioning from an organization divided vertically by function to a global structure centered on our businesses. In fiscal 2015, we introduced CXO positions to strengthen the global headquarters functions that support the growth of our three companies operating businesses. We appointed a CXO for each of six critical group functions: finance and accounting, legal and compliance, research and development, clinical and regulatory affairs, quality, and IT. This put in place a structure where each company has business autonomy, while also enabling group-wide optimization and risk management.

We also further strengthened corporate governance to keep pace with the globalization of our businesses. In June 2015, we adopted the organizational design of a company with an Audit/Supervisory Committee, which resulted in stronger functions of supervision over the board of directors, the speeding up of decision-making through

Sales/Operating Income



delegation of authority, and a global auditing system. We also established the Nomination Committee to deliberate matters such as top management succession.

Toward Commercializing Regenerative Medicine

In the field of regenerative medicine, where we have long worked toward development of a new business, our HeartSheet product obtained approval* in September 2015 for manufacture and sale in Japan and became the world's first cellular and tissue-based product designed for the treatment of severe heart failure. We began sales of HeartSheet in May 2016, and it is expected to become a new alternative for treating severe heart failure caused by chronic ischemic heart disease, for which conventional treatments, such as drug therapy and coronary artery bypass surgery, lack efficacy.

*Conditional and time-limited approval

building a lean management system that is adaptable to environmental changes, by strengthening our contributions in high-added-value fields that reduce patient burden and improve medical cost efficiency, while continually reducing production costs and writing off assets of certain businesses. We have also strengthened the research and development activities that underpin future growth, in addition to collaboration with and acquisition of other companies.

We plan to build on these achievements with the new mid- to long-term growth strategy that we will announce in December 2016.

Fiscal 2016 is a year to solidify our footing in preparation for the new growth strategy. Without getting caught up in short-term environmental changes, we will make necessary investments and steadily carry out our plans toward mid- to long-term growth.

Directions of the New Mid- to Long-Term Growth Strategy

The structure and competitive environment of the medical device industry are changing due to macroeconomic shifts and the evolution of healthcare. Although the societies of developed nations are aging and therefore need more healthcare, slower growth and fiscal limitations have also led to requirements for

Strategy Going Forward

Toward Sustainable and Profitable Growth

Since adopting the "Roadmap to Fiscal 2016" in fiscal 2013, we have made significant progress in

Directions of the new mid- to long-term growth strategy (scheduled to be announced in December 2016)

<p>Global "Selection and Concentration"</p>	<ul style="list-style-type: none"> •Focus on growing and competitive businesses •Intervention, Neurovascular, etc.
<p>Japan "Exert Collective Strengths"</p>	<ul style="list-style-type: none"> •Expansion of healthcare demand for the elderly •Take advantage of growth opportunities and maintain top position
<p>"New Business Development" "Aggressive M&A"</p>	<ul style="list-style-type: none"> •Regenerative medicine, immunotherapy, etc. •Focus on venture acquisition

higher medical cost efficiency and improving operational efficiency in medical settings. This has in turn led to more medical institutions, especially in the United States, merging in order to increase their scale and purchasing power. Simultaneously, the major players in the medical device industry have also been merging with one another, resulting in several enormous competitors.

We will formulate a mid- to long-term growth strategy that utilizes the strengths of the Terumo Group in order to achieve sustainable and profitable growth amid these environmental changes. There are three directions we will incorporate.

First, we will strategically strengthen critical areas where we are globally competitive and expect to see ongoing growth. In the TIS and Neurovascular businesses, we have sustained rapid growth globally; we will continue to strengthen those areas going forward as they drive Terumo Group growth.

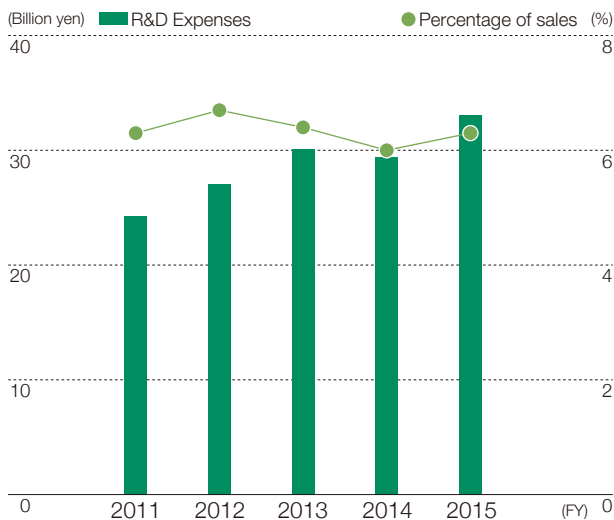
Second, we will maintain our leading position firmly in Japan and leverage that strength to seek out new growth opportunities. Japan's society will continue to age, resulting in more demand for healthcare. We will maximize the strong positioning of our broad business portfolio in the Japan market to serve this increased demand and secure stable, continuous profit.

Third, we will accelerate growth by strengthening

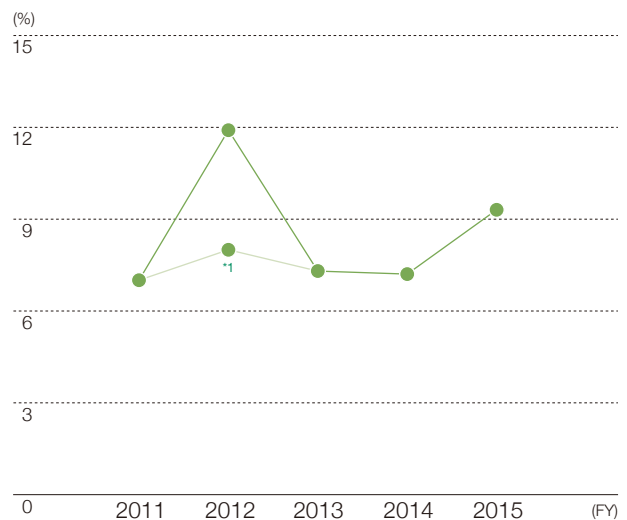
our development activities in new fields and acquiring new technologies. In the regenerative medicine field, we will carry out further development to expand application of the HeartSheet technology, working toward creation of a full-fledged business in that field. In the Blood Management Company, we will promote product development in fields with expansion potential, such as immunotherapy to treat cancer. We will also continue to seek out opportunities to obtain new technologies through the acquisition of ventures as well as large-scale acquisitions.

As an action preliminary to this growth strategy, in July 2016, we acquired Sequent Medical, Inc., a U.S. company that was the first in the world to successfully commercialize a new embolization device called WEB™ System for use in the treatment of aneurysm. Already sold in countries including Germany and the United Kingdom, the device is garnering high expectations for use in treating ruptured and unruptured intracranial aneurysms which are said to be difficult to treat by existing embolization coils because of their locations and shapes. In the world's largest market, the United States, clinical trial for WEB™ System is underway ahead of our competitors; we plan to utilize this advantage in building a first-to-market position and thereby further accelerate growth in our critical Neurovascular business.

R&D Expenses



ROE



*1 Excluding temporary effects of a decrease in corporate tax due to a reform of Terumo BCT

In Japan we developed the sprayable adhesion barrier gel AdSpray for the surgery field; it obtained approval in June 2016 for manufacture and sale in Japan. Currently, adhesion barrier films are globally applied to the surfaces of organs or tissues to prevent unwanted adhesion following surgery. As the first sprayable adhesion barrier gel in Japan, AdSpray offers value by enabling easy access and accurate application to the desired areas, regardless of whether the surgery is open or laparoscopic, unlike films. We plan to launch AdSpray during fiscal 2016, after it is listed on the National Health Insurance price list.

Continuing to Earn Global Stakeholders' Trust

In order to fulfill the Terumo Group corporate mission of "Contributing to Society through Healthcare," and continue to earn the trust of stakeholders around the world, we will place a strong, ongoing focus on improving management transparency and group-wide legal compliance by strengthening our corporate governance. We will strive to maintain an honest dialogue with our customers, shareholders, associates, suppliers, communities, and other stakeholders both inside and outside of Japan, working to communicate

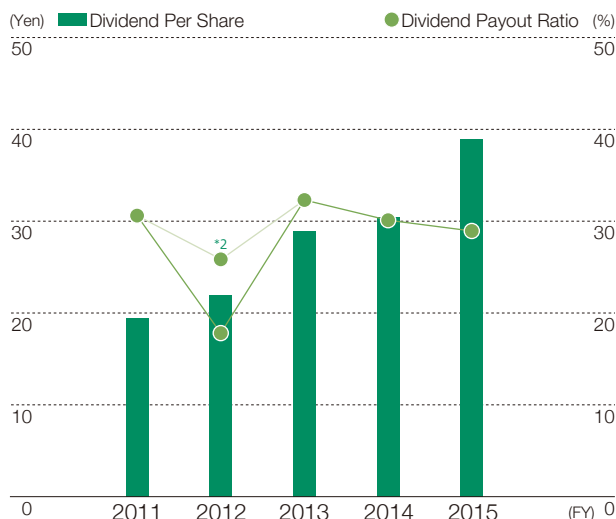
the status of the Terumo Group in a way that is accurate and easy to understand.

In addition to management transparency, we will also work to further develop a corporate culture that appreciates diversity and encourages associates to have new ideas and a spirit of challenge; this will support global growth and lead to valuable innovation.

During the earthquakes that occurred in Kumamoto, Japan, in April 2016, our local associates, headquarters, and factories coordinated closely with medical institutions and distributors to respond precisely and quickly to the rapidly changing needs in affected areas. They delivered condensed liquid meals to hospitalized patients, low-protein foods for individuals with reduced kidney function, compression stockings to prevent deep vein thrombosis ("economy class syndrome") in people forced to spend long periods in confined spaces such as vehicles, and thermometers and blood glucose monitoring systems to support healthcare in evacuation centers.

Through such efforts, we will continue to serve the needs of patients and medical settings, contribute to society, and achieve sustainable, profitable, and high-quality growth. We ask for your continued support as we go forward in these endeavors.

Dividend Per Share/Dividend Payout Ratio



*2 Excluding temporary effects of a decrease in corporate tax due to a reform of Terumo BCT
 Note: A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014. For information purposes, figures for dividends issued in or prior to 2013 have been adjusted to reflect what they would have been had the stock split had already been carried out at those times.

Terumo's HeartSheet®* was exhibited at G7 Ise-Shima Summit, appealing to Japan's regenerative medicine technology

In the Government of Japan's exhibition space at the May 2016 G7 Ise-Shima Summit, Terumo exhibited its HeartSheet, the world's first cellular and tissue-based product for treating severe heart failure. The exhibit introduced to the world the advanced technology of HeartSheet, which is produced by Terumo, and of an iPS cell-derived cardiomyocyte sheet being researched at the Osaka University Graduate School of Medicine with the aim of clinical application.

*Autologous skeletal myoblast sheets

▶ Please see page 5 for the HeartSheet feature article.



Exhibit of "HeartSheet," manufactured and sold by Terumo (Prepared cell sheet)

Terumo launched its drug-eluting coronary stent "Ultimaster" in Japan

In October 2015, we launched the drug-eluting coronary stent Ultimaster in Japan. It had already been launched in Europe in May 2014, and is now sold in over 40 countries, including in Asia and Latin America, with sales growing well in each region.



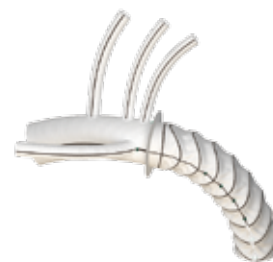
Unique drug-coating technology



Stent in expanded form

Terumo's subsidiary Vascutek received the Queen's Award for Enterprise in the Innovation category

Terumo's subsidiary in the U.K., Vascutek Ltd., was granted the highly prestigious Queen's Award for Enterprise in the Innovation category. The award was given in recognition of technology in the Thoraflex Hybrid, a surgical graft used to treat thoracic aortic disease. The product was launched in 2012 in Europe, and it is currently sold in approximately 30 countries, and has been used in over 1,400 cases. Vascutek was praised for successfully combining its vascular graft with a large share of the global market and stent graft technologies to improve treatment outcomes and reduce patient burden.



Surgical graft Thoraflex Hybrid

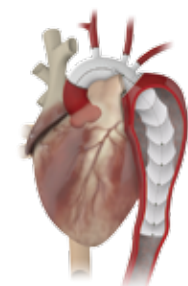


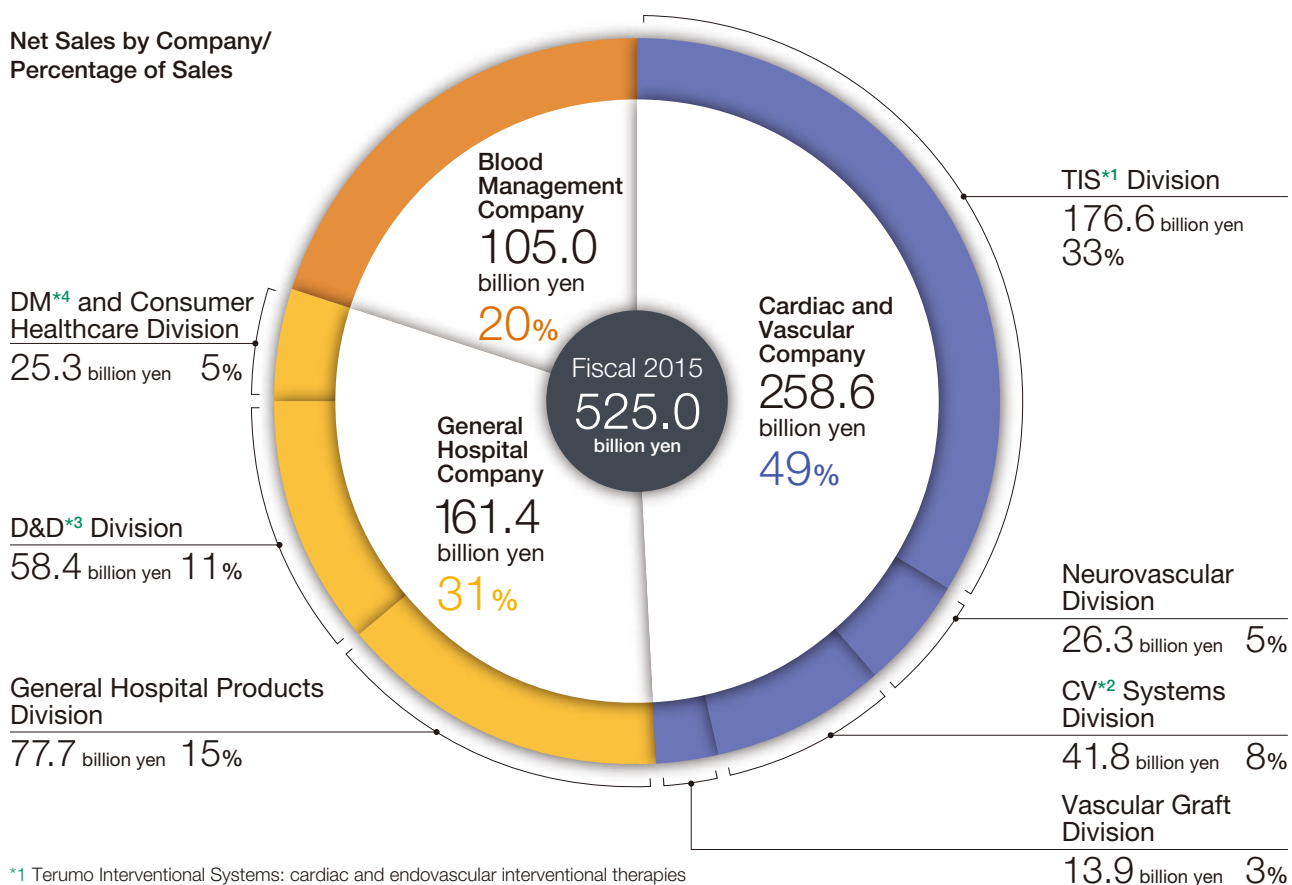
Image of Thoraflex Hybrid placement in the thoracic aorta

Terumo is Rising to the Challenges to Innovate in Three Business Areas

Terumo contributes to society through healthcare by doing business through three companies.

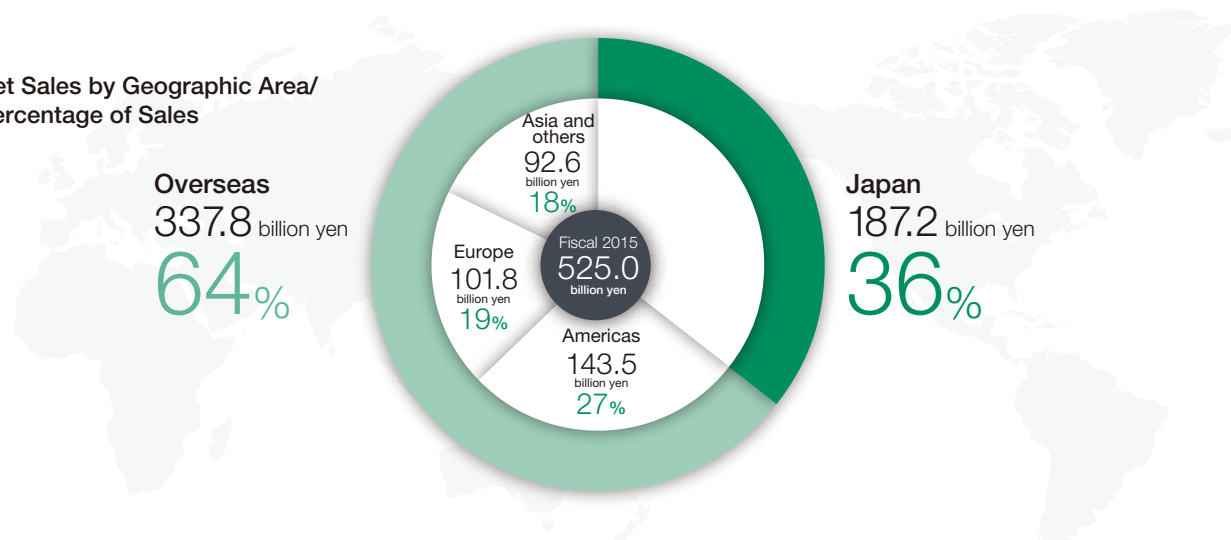
We provide optimal products and services to medical settings the world over. In pursuing higher quality in medicine, we introduce improvements for greater safety and ease of use, conduct training to promote proper use of devices, and propose systems for comprehensively meeting the needs of medical settings.

Net Sales by Company/
Percentage of Sales



*1 Terumo Interventional Systems: cardiac and endovascular interventional therapies
 *2 Cardiovascular Systems: cardiac and vascular surgery
 *3 Drug and Device: devices developed by combining drugs and medical device technologies
 *4 Diabetes Management

Net Sales by Geographic Area/
Percentage of Sales



Cardiac and Vascular Company



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

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

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

General Hospital Company



The General Hospital Company contributes to higher quality in medicine by providing medical devices and pharmaceuticals in systems designed to improve safety and ease of use

Medical treatment settings have diversified and now extend from hospitals to patients’ homes. Medical devices and pharmaceuticals, therefore, must incorporate performance and design considerations tailored to the settings where they will be used.

The General Hospital Company, in order to provide coordinated systems for medical settings and enable their proper and efficient use, takes steps such as combining medical devices and pharmaceuticals, and utilizing IT solutions to harness the power of data. By adding new value to these vital systems, the company contributes to safer medical settings and more efficient workflow for medical professionals.

Blood Management Company (Terumo BCT)



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

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

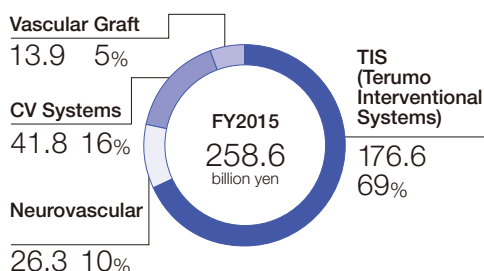
Cardiac and Vascular Company

Strengthen the Global Brand and Drive Sustainable, Profitable Terumo Group Growth

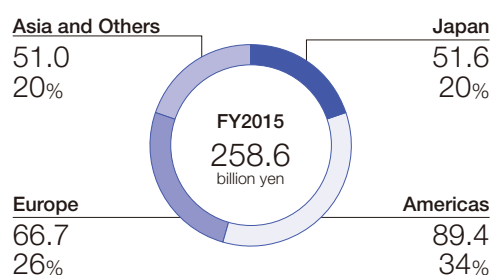
FY2015 Results

Net Sales	258.6 billion yen
Operating Income*	63.4 billion yen
Operating Profit Margin*	25%

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



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



*Before amortization of goodwill and other intangibles

Fiscal 2015 Results

Significant Growth in TIS and Neurovascular Businesses, Especially Overseas

Net sales in fiscal 2015 for the Cardiac and Vascular Company as a whole grew 13.9% year on year, to 258.6 billion yen, with strong growth in overseas TIS and Neurovascular businesses.

In the TIS business, the drug-eluting stent Ultimaster was launched in Japan in October 2015. Following its launch in Europe, Latin America, and Asia in fiscal 2014, Ultimaster sales continued to grow well in each region.

In the United States, TRI (an interventional procedure to approach the coronary artery from an artery in the wrist) related product sales showed double-digit growth. Sales also grew in Asia, mainly in China.

In the Neurovascular business, sales showed double-digit growth, mainly driven by strong sales in the United States.

Operating income (before amortization of goodwill and other intangibles) grew 33.7% year on year, to 63.4 billion yen, improving operating profit margin four percentage points to 25%. In addition to expansion of high-margin products and businesses, continuous reduction of production cost also contributed to the improvement of profitability.



Shinjiro Sato
President, Cardiac and Vascular Company

Key Fiscal 2015 Initiatives

Focused Efforts on Global Growth-Driver Product Development and Introduction

In the TIS business, we launched Ultimaster in Japan, and it received positive feedback from medical professionals, and sales grew significantly in the highly competitive drug-eluting stent (DES) market.

Outside Japan, the company focused on expanding TRI that contributed to improving patient quality of life (QOL) and medical cost efficiency. In the United States, where TRI has spread significantly in recent years, we focused efforts on strengthening training for medical professionals.

In regard to the peripheral intervention devices, our stent Misago, which is used for the treatment of peripheral artery disease mainly in the upper leg, was granted premarket approval (PMA) by the FDA in the United States as the first implanted medical device for cardiac and vascular treatment manufactured by a Japanese company. Further, in the United States, we launched the first product developed through our joint development agreement with Kaneka Corporation; a PTA balloon catheter for peripheral artery disease called Metacross RX. With these initiatives, therapeutic devices for peripheral intervention have joined our U.S. TIS business, which was previously centered on access devices, to make a significant first step in expanding that business going forward.

In the Neurovascular business, we focused on developing non-coil products and introducing products into an expanded number of regions. The coil assist stent LVIS, which is used to treat aneurysms with wide neck, showed strong sales growth in the United States and was also launched in Japan.

In the CV Systems business, the Ann Arbor Factory of our U.S. subsidiary, Terumo Cardiovascular Systems Corp. (TCVS), successfully completed its work plan to acquire validation data for the production parts and process of its heart-lung machine within fiscal 2015, in order to establish quality management system that meets FDA standards. The factory then passed

the subsequent FDA inspection without any inspectional observations. As a result, all shipping restrictions, imposed as a term of its 2011 consent decree, were completely lifted, allowing the resumption of normal operations.

In the Vascular Graft business, Terumo's subsidiary in the U.K., Vascutek Ltd., was granted the highly prestigious Queen's Award for Enterprise in the Innovation category. This award recognized the unique and cutting-edge Thoraflex Hybrid product, which combines artificial vascular graft and stent graft technologies. The Thoraflex Hybrid makes it possible to treat cases that previously required two surgeries with just one, improving treatment outcomes and reducing patients' burden.

Strategy Going Forward

Strengthen the Global Brand and Drive Sustainable, Profitable Growth of the Terumo Group

The Cardiac and Vascular Company will continue to contribute to the evolution of the cardiovascular field worldwide, further strengthen its global brand, and drive Terumo Group growth. We will make efforts on four themes in order to achieve these goals:

1. Accelerate globalization

In fiscal 2015, the TIS and Neurovascular businesses' sales grew by double digits, with markets outside Japan, especially the United States and China, acting as the main drivers. We will aim for further global growth in these two businesses through expansion of our therapeutic devices.

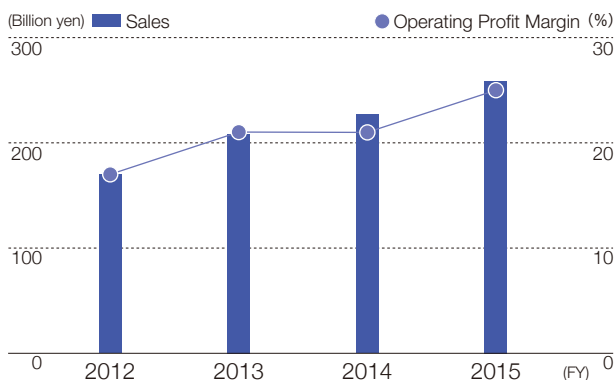
In fiscal 2016, we will launch Ultimaster, which is already a significant profit contributor, in France. By growing further both inside and outside Japan, the product will drive ongoing company profit growth.

2. Expand therapeutic device portfolio

Within vascular intervention, the peripheral, interventional oncology (IO), and neurovascular markets are expected to exhibit high growth rates going forward. We will grow even faster by accelerating our development of therapeutic devices that fulfill the needs of medical settings, and realizing a complete product lineup coupled with access devices.

In the IO field, we established alliance in January 2016 with the Dutch venture Quirem Medical B.V. and acquired

Sales/Operating Profit Margin*



*Before amortization of goodwill and other intangibles

the right to become the exclusive global distributor for the microspheres for the radioembolization treatment of liver tumors, which were developed by the firm. By adding to our high-market-share access devices, we plan to complete a full lineup of therapeutic devices to globally expand that business.

In the neurovascular field, we acquired in July 2016 the U.S. firm Sequent Medical, Inc., which successfully commercialized the world's first aneurysm embolization device called WEB™ System. Already sold in Europe, the WEB™ System is used for emergency treatment of ruptured aneurysms or treatment of unruptured aneurysms which are considered to be difficult to treat by conventional coil embolization, and is expected to be a new treatment option for aneurysms. Clinical trial for WEB™ System is underway in the United States. By entering the U.S. market ahead of competitor products, we plan to achieve further growth in the Neurovascular business.

3. Maintain top global position in platform devices

Access devices such as guidewires and introducer sheaths, which enable interventional devices to reach lesions inside blood vessels, are platform products for treatment. Sustained demand for these devices is expected to expand further as new kinds of procedures gain wider use. Terumo holds a large global share in guidewires and introducer sheaths, and will continue to promote TRI adoption for steady ongoing growth to maintain this leading global position.

4. Strengthen investment in operations capability to sustain growth

Strengthening our global operations capabilities is vital to supporting activities ranging from new product development to market introduction.

In order to expand sales of our therapeutic devices in the TIS and Neurovascular businesses, especially in the United States and Europe, we will enhance our human resources devoted to not only sales and marketing, but also personnel to support clinical trials and the training of medical professionals.

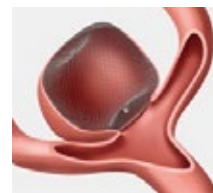
We will also add more than 100 engineers at our company's main development and production center, the Ashitaka Factory, toward fundamentally enhancing those capabilities. At Terumo Yamaguchi Corporation, which began guidewire production in fiscal 2015, we aim to reach full production and work to improve productivity.

In the CV Systems business, we are focused on preparations to resume production and supply activities at the TCVS Ann Arbor Factory. In the Vascular Graft business, we plan to improve mid- to long-term cost-competitiveness by transferring production from the United Kingdom to Vietnam.

In addition to development and production, we will also focus on improving the function of areas supporting global operations, including the supply chain, in order to ensure a robust system that can rapidly and efficiently supply needed products to medical settings.



New aneurysm embolization device WEB™ System used for treatment of aneurysm



Deployment Illustration of the WEB™ System

Cardiac and Vascular Company

The Cardiac and Vascular Company contributes to cutting-edge treatments including cardiac and vascular surgery, and interventional therapies performed inside blood vessels.

Terumo Interventional Systems Division/Neurovascular Division

Vascular Intervention

Access Devices

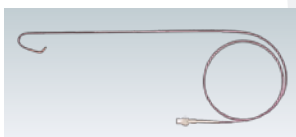
Devices that are used to insert an interventional device at the wrist or groin and guide it to the location where therapy is to be performed.



Introducer sheath



Guidewires



Angiographic catheter



Radial artery compression device

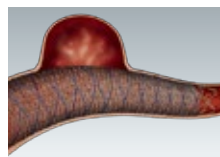
Therapeutic Devices

Devices for performing therapies such as opening up coronary or peripheral blood vessels, or preventing a cerebral aneurysm from rupturing.

Neurovascular Intervention



Embolitic coil for treating a cerebral aneurysm

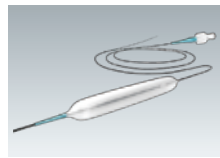


Flow diverter stent

Coronary Intervention (Cardiology)

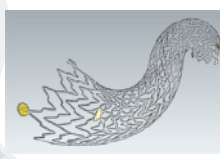


Drug Eluting Stent (DES)



Balloon catheter

Peripheral Intervention (Endovascular)



Peripheral stent



Embolitic coil system

Intravascular Imaging Systems

Imaging systems based on ultrasound or optical technology optimize procedures and support operators by acquiring luminal surface and cross-sectional images of blood vessels during PCI or PPI.



Optical Frequency Domain Imaging system (OFDI)

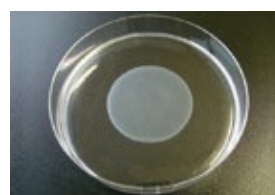


Intravascular Ultrasound system (IVUS)

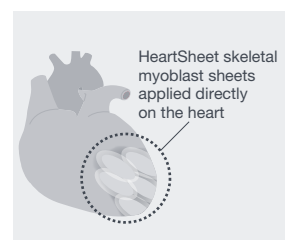
HeartSheet™ Division

Products for Regenerative Medicine

In 2015, Terumo's HeartSheet autologous skeletal myoblast sheets became the world's first cardiac regenerative therapy product to be approved for manufacture and sale. Individual skeletal myoblast sheets are made by taking skeletal myoblasts from the patient's own thigh muscle, culturing them, and then forming them into sheets. HeartSheet autologous skeletal myoblast sheets are applied directly on the heart and are seen as a promising therapy option for patients not likely to benefit from drug therapies or surgical procedures.



Autologous skeletal myoblast sheet



HeartSheet skeletal myoblast sheets applied directly on the heart

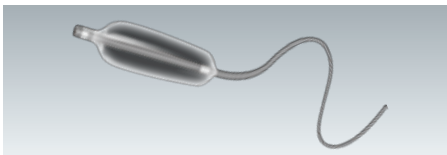


Cardiovascular Systems Division/ Vascular Graft Division

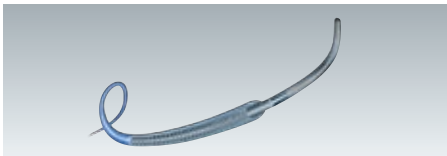
Interventional Oncology (Cancer Treatment)

IVR Products

Terumo develops a range of drug delivery devices, including for transcatheter arterial chemo-embolization (TACE), a treatment approach for liver cancer.



Micro balloon catheter



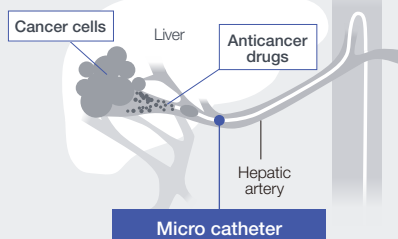
Micro catheter and Micro guidewire



Drug-elutable beads

What is transcatheter arterial chemo-embolization (TACE)?

It is a liver cancer treatment approach. It is performed by inserting a tiny interventional device—an extremely thin tube—through which anticancer drugs and an embolic agent (for closing off the hepatic artery) are introduced to destroy cancer cells by depriving them of nourishment.



Cardiopulmonary Bypass System

This device temporarily replaces the functions of the heart and lungs during cardiac and thoracic surgery procedures, oxygenating the blood and circulating it throughout the body.



Oxygenator with integrated arterial filter
Temporarily replaces the lungs to oxygenate the blood.



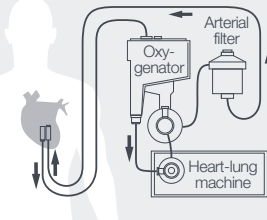
Heart-lung machine
Temporarily replaces the heart to circulate the blood.



Device for operating a centrifugal pump for ECLS (Extracorporeal Life Support System)
Controls a centrifugal pump for circulating blood.

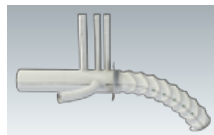
What is a cardiopulmonary bypass system?

This system keeps the patient alive during cardiovascular surgery. It does this by draining the blood out of the body, using an oxygenator to add oxygen to the blood, while removing carbon dioxide, and then pumping the blood back into the body.



Vascular Grafts

Used to replace or implant in damaged blood vessels, these devices prevent the rupture of the treated blood vessel, such as in the case of an aortic aneurysm.



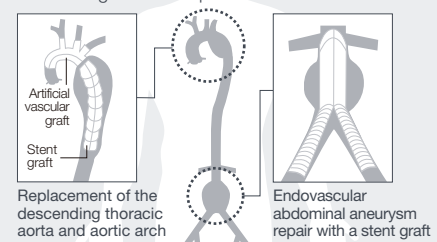
Open stent graft combined with vascular graft for replacement of the thoracic aorta



Stent graft for treatment of abdominal aortic aneurysm

What is an artificial vascular graft for an aortic aneurysm? What is endovascular aneurysm repair?

An aortic aneurysm is an enlargement of a portion of the aorta. To prevent an aortic aneurysm from rupturing, the enlarged portion of the aorta can be surgically replaced with an artificial vascular graft, or a stent graft can be placed inside the aorta.



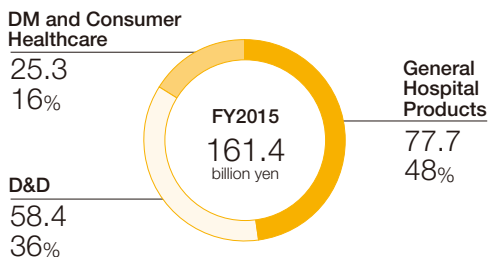
General Hospital Company

Achieve Growth by Expanding High-Added-Value Products to Serve Diverse Needs in Medical Settings

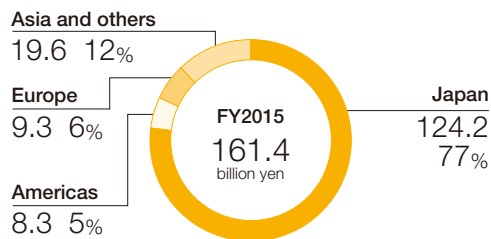
FY2015 Results

Net Sales	161.4 billion yen
Operating Income*	22.6 billion yen
Operating Profit Margin*	14%

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



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



*Before amortization of goodwill and other intangibles

Fiscal 2015 Results

Making Steady Progress toward Improving Profitability

In fiscal 2015, sales increased in Japan, but decreased outside Japan due mainly to transforming the business portfolio via the downsizing of low-profit businesses, resulting in 161.4 billion yen in net sales for the company as a whole, or approximately equal to the previous year.

In Japan, peritoneal dialysis and pain management product sales grew well, along with closed infusion systems. Sales also increased for blood glucose monitoring systems and needles for pen-injectors used for self-injection of insulin. Outside Japan, infusion pumps and syringe pumps showed sales growth, while the company focused on improving profitability by transforming its business portfolio via downsizing of low-profit businesses in Europe, Latin America, and parts of Asia.

Operating income (before amortization of goodwill and other intangibles) increased by 8.5% to 22.6 billion yen, owing to reduced production costs, especially in Japan, along with lower material costs resulting from low oil prices. The operating profit margin showed steady improvement, growing one percentage point from 13% to 14%.



Shoji Hatano

President, General Hospital Company

Key Fiscal 2015 Initiatives

Expansion of High-Added-Value Products in Japan, Profit Improvement Outside Japan

The General Hospital Company aims to achieve stable growth and improve profitability by providing high-added-value products that serve the needs of patients and medical professionals; safe, efficient treatment, pain reduction, and early hospital discharge and recovery.

In the Japan market, we have strengthened our general hospital product offering to steadily expand adoption of infusion pumps and syringe pumps, which utilize IT functionality to prevent erroneous amounts or overadministration of drugs, and the closed infusion system SURPLUG AD series, which is expected to reduce the risk of hospital infections and misconnections.

In the D&D (Drug and Device) business, we successfully developed a simple and accurate intradermal injection device, Immucise. In September 2015, the Immucise intradermal injection needle was approved for manufacture and sale in Japan. In the field of pain management, we promoted the introduction of the Acelio Intravenous Injection 1,000mg, with the aim of reducing patients' pain.

In the DM and Consumer Healthcare business, we worked to expand adoption of HR Joint, a series of measurement devices that utilizes near field communication (NFC) technology to automatically input vital data such as patients' blood glucose, temperature, and blood pressure directly into electronic medical records. We also promoted the lifestyle data management system HR Joint Smile Data Vision, which enables blood glucose measurement data taken at a patient's home to be confirmed when they receive outpatient examination. With these initiatives, sales of blood glucose monitoring systems and other related products grew steadily.

In its 10th year since launching in 2005, NANOPASS, the needles for pen-injectors used for self-injection of insulin to aim for reducing pain, achieved further market penetration and reduce sales growth.

Our efforts outside Japan were focused on improving

profitability by downsizing low-profit businesses in Europe, Latin America, and parts of Asia, and on expanding pharmaceutical company-oriented business, such as plastic prefillable syringes that are expected to grow.

Strategy Going Forward

Achieve Sustainable and Profitable Growth by serving the Various Needs of Patients and Medical Professionals

In the healthcare environment, the need for medical cost efficiency is rising as populations progressively age in developed nations around the world. In emerging nations, however, healthcare infrastructure is taking shape and demand for healthcare is expanding.

In Japan, the number of cases of diseases is increasing along with the aged population, resulting in the so-called “2025 Problem,” in which healthcare and nursing care costs are expected to rise further. Countermeasures to this problem are to promote regional medical coordination and carry out healthcare reforms including reduction of the number of hospital beds. This is leading hospitals to become increasingly cost-conscious. There is more demand for efficient healthcare and quicker discharges, particularly from acute-care hospitals. In the pharmaceutical industry, however, biopharmaceutical development is being enhanced and there are increasing needs for devices tailored to the characteristics of specific drugs.

As the business environment changes, the General Hospital Company seeks to accurately understand the various needs in medical settings of patients and professionals, and secure sustainable and profitable growth by providing added-value products. To achieve this, we will work on four specific themes:

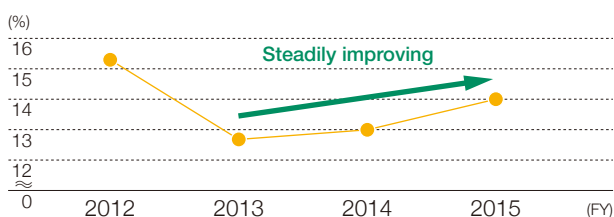
1. Japan: Utilize Terumo strengths to shift toward growth

In the Japan market, which accounts for approximately 80% of General Hospital Company sales, there is a need to restrain healthcare costs, although the demand for healthcare is expanding along with the aged population. As one of Japan’s leading medical device companies, Terumo will utilize its capabilities to raise healthcare quality and efficiency, providing a broad product lineup and offering products that contribute to safety, efficiency, infection prevention, early discharge and recovery, and preventing complications, thereby shifting toward growth.

One important activity to this end is expansion of high-functionality infusion systems, including the closed infusion system. We will continue to pursue added value in various ways, including standardization of operating procedures to prevent errors, making line changes more efficient, and reducing infection risks.

We will also work to link products such as infusion pumps, syringe pumps, blood glucose monitors, blood pressure monitors, and thermometers to hospital IT systems and electronic medical records in order to improve work efficiency

Operating Profit Margin*



*Before amortization of goodwill and other intangibles

and safety in medical settings.

In the pain management field, we will contribute to reduce patients’ pain by promoting the administration of regularly scheduled medications of Acelio Intravenous Injection 1,000mg after surgery.

2. Outside Japan: Shift to an adaptable, robust, high-profitability model and expand business

Outside Japan, we have downsized our low-profit businesses, especially in Europe, Latin America, and parts of Asia. To become adaptable to currency fluctuations and changes in the business environment, and achieve robust profitability, we will continue working toward profitability improvement while focusing on high-added-value products and business expansion.

Our IT-linked, high-functionality infusion pump and syringe pump products are seeing steady adoption, especially in Asia; we will further strengthen these efforts in other regions as well and steadily grow sales.

3. Expand pharmaceutical company-oriented business globally

We aim to achieve high growth in our pharmaceutical company-oriented business by developing and supplying more high-added-value devices that serve that industry’s various needs.

We are working to prepare for worldwide business expansion by globally integrating our development and production, and building a system to rapidly serve identified needs.

4. Develop new products to underpin future growth while reducing costs

Another important task is development of new products to drive future growth. In fiscal 2016, we will launch for sale to pharmaceutical companies the intradermal injection device Immucise for use in intradermal injections of influenza vaccine. We are aiming to deploy the product for use with other vaccines and sell it in markets outside Japan.

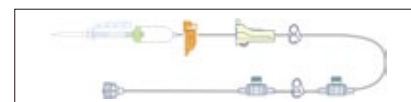
We developed AdSpray for use in the surgery field to counter the problem of unwanted adhesion of organs and tissues; it obtained approval in June 2016 for manufacture and sale in Japan, where it is the first sprayable adhesion barrier gel. Currently, film products are widely used as adhesion barriers in the market. AdSpray is valuable because it can easily access targeted locations and be sprayed appropriately and precisely on the desired locations, regardless of whether the surgery is open or laparoscopic. Through AdSpray, Terumo will contribute to reducing the risks of complications after surgery including intestinal obstruction, infertility, and chronic pelvic pain.

Going forward, we will proceed with product

development that brings valuable innovations to medical settings, while working to achieve competitive costs. We will also work to create an efficient production system that is adaptable to changes in the business environment, while striving to achieve sustainable growth and improvement in profitability.



Infusion pumps and syringe pumps



Closed infusion system SURPLUG AD series

General Hospital Company

Whether for use in hospitals or at home, the General Hospital Company strives to provide products that are safe and easy to use.

General Hospital Products Division

Infusion Systems

Infusion systems are used throughout hospitals from wards to intensive care units. The General Hospital Products Division develops infusion systems that deliver the right drugs in the right doses, and offer enhanced safety by reducing risks of contamination and accidental needle sticks.

System-based drug-administration safety

Smart infusion pump system

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



Closed infusion system

Infusion system emphasizing ease of use and safety, while contributing to infection control.



Safety IV catheter

Engineered to prevent leaks and needle stick injury.



Closed Anticancer Drug Infusion System

This infusion system reduces the risk of direct contact with anticancer drugs during their preparation and administration, and allows pharmacists and nurses involved in the provision of chemotherapy to perform their jobs without fear of exposure to these powerful drugs.

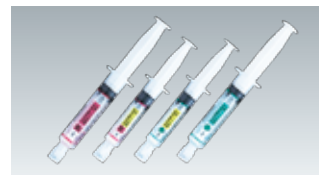


Closed anticancer drug infusion system

D&D (Drug & Device) Division

Drug & Device

By combining drugs and medical device technologies, the D&D Division strives to promote the safe handling of drugs in emergency medical settings.



Prefilled syringes



Prefillable syringe

Pharmaceuticals and Nutritional Supplements

We provide intravenous infusion solutions and nutritional products with optimized nutrients and ease of preparation for individuals who have difficulty eating or drinking, or are recovering from dehydration.



Nutrient solution for total parenteral nutrition



Condensed liquid meal (Semi-solid) Condensed liquid meal (for oral intake)



DM (Diabetes Management) and Consumer Healthcare Division

Peritoneal Dialysis (PD)

We develop devices, dialysate, and other products for peritoneal dialysis.



Peritoneal dialysate



APD
(Automated peritoneal dialysis)

Pain Management

We provide drugs that play a supporting role in cancer therapy. Brand-name drugs that enhance therapeutic effect as well as generic drugs that help to reduce drug costs are provided.



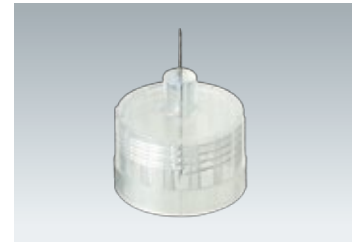
Analgesic

Diabetes Management

The DM and Consumer Healthcare Division offers devices that are designed to simplify use and minimize pain for people with diabetes.



Blood glucose monitoring system



Needle for pen-injector

Measuring Devices System with Communications Functions

Our blood glucose monitoring systems, blood pressure monitors, and thermometers are equipped with communications functions that contribute to greater efficiency and risk management in the monitoring of vital signs, a critical aspect of daily patient care.



- Blood glucose monitoring system
- Digital blood pressure monitor
- Digital thermometer
- Pulse oximeter
- Walking intensity monitor
- Body composition monitor



"HR Joint" is the name of a series of Terumo meter/monitor products equipped with communications functions and the accompanying management software.

Other Consumer Healthcare Products

- Basal thermometers for women
- Fall prevention products for the elderly
- Oral care products
- Urine test strips

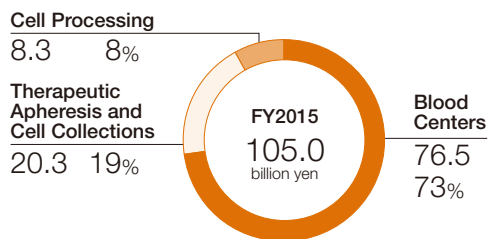
Blood Management Company (Terumo BCT)

Taking the Company into 2021 Through Growth and Diversification

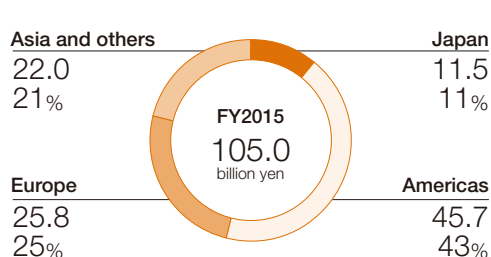
FY2015 Results

Net Sales	105.0 billion yen
Operating Income*	16.9 billion yen
Operating Profit Margin*	16%

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



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



*Before amortization of goodwill and other intangibles

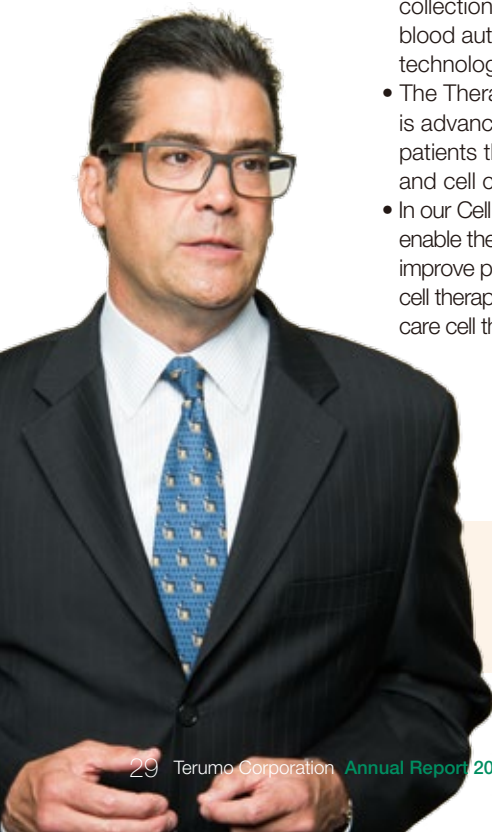
Unlocking the Potential of Blood

The Terumo Global Blood Management business (TGBM), also known as Terumo BCT, is a global leader in blood component, therapeutic apheresis and cellular technologies. We are the only company in our industry offering this breadth and depth of unique products, services and solutions.

We believe in the potential of blood to do even more for patients than it does today. This belief inspires our innovation, strengthens our collaboration with customers and drives our future opportunities.

Through three market-leading businesses, we offer ten product categories:

- Our Blood Center business delivers economic and clinical value to customers by offering strategic supply chain solutions and services through six categories: automated collections, whole blood core, whole blood automation, pathogen reduction technologies, software and solutions.
- The Therapeutic Systems business is advancing treatment options for patients through therapeutic apheresis and cell collections technologies.
- In our Cell Processing business, we enable therapies that may fundamentally improve patient outcomes through our cell therapy technologies and point-of-care cell therapy products.



David Perez
President, Blood Management Company
President and CEO,
Terumo BCT, Inc.

Fiscal 2015 Results

In fiscal 2015, sales in Japan decreased year on year as ongoing decline in the number of blood donations impacted demand for related products used during blood collection. Outside Japan, sales slowed down due mainly to a negative impact of price declines implemented for products for blood centers in the United States, but therapeutic apheresis and cell processing sales grew. Sales of products delivered to blood centers also steadily increased, mainly in emerging nations such as Asia, including China. As a result, net sales for the company as a whole grew 3.9% year on year to 105 billion yen. While sales grew, operating income (before amortization of goodwill and other intangibles) decreased by 8.6% year on year to 16.9 billion yen, and operating profit margin declined by 2.0 percentage points to 16%. This was primarily due to the price declines of products for blood centers in the United States, as well as the negative impact on profits of products manufactured in the United States and sold in Europe affected by euro depreciation against the U.S. dollar.

Market environment

- Patient blood management (PBM)*, while good for patients in most cases, reduces the use of blood components. This impacts red blood cells (RBCs) more than platelets and will continue to affect growth in developed nations.
- Price compression in developed markets occurred faster than anticipated, due to intense competition and a customer trend toward commoditization of apheresis and blood bags.
- The industry is shifting from apheresis to whole blood (WB)-derived components.
- Continuing strength of the U.S. dollar presents challenges given cost concentration in the U.S. with a globally diversified revenue stream.

*Patient blood management is a health care initiative taking effect in developed nations around the world. This complex system of protocols and algorithms is designed to dictate which patients receive blood and when components are transfused; the initiative has reduced the use of blood components.

Key Fiscal 2015 Initiatives

Sales in the blood center field maintained approximately the same level as the previous year, despite PBM, price declines, and the shift to blood products derived from whole blood collection. Price decline effects were felt mainly in North America, the United Kingdom, Australia, and France, but we also successfully made sustainably profitable, long-term contracts for increasing sales volume. In therapeutic apheresis and cell collections, we made progress in transitioning from the COBE Spectra to the Spectra Optia centrifugal apheresis system, resulting in double-digit sales growth. In cell processing, sales of the cell expansion system Quantum contributed to achieving a revenue increase. Sales in emerging nations grew steadily, and in Asia, including China, all three of our business areas achieved double-digit growth. Amid a challenging market and earnings environment, we also made vital investments in innovation and new product development.

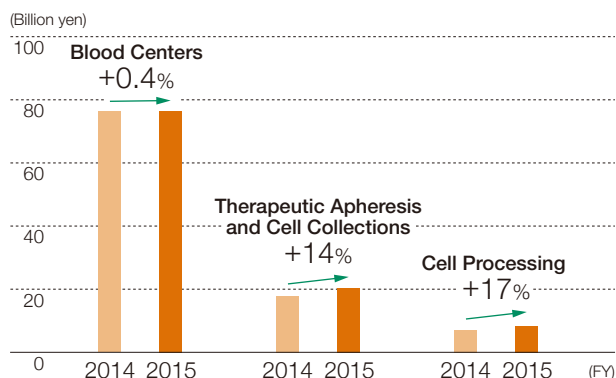
Strategy Going Forward

We anticipate that current challenges will impact our growth beyond fiscal 2021. However, we have implemented customer-specific strategies to protect market share, accelerate profitable growth, drive business diversification and maintain manufacturing volume.

Protect and expand business

Our leadership position, brand and global infrastructure provide a foundation for expanding market access and driving profitable growth to further expand and protect our business. We are delivering economic and clinical value through our product portfolio to meet customers' unmet needs, as well as delivering an intended customer experience to strengthen relationships.

Net Sales by Business



Looking forward: Strong, profitable growth

We built our business by listening to and collaborating with our global customers in research, product development and innovation. We focus on improving patient outcomes at lower costs that become the standard of care. At the same time, we continue improving processes, accelerating time to market and aligning innovation efforts to customer needs.

Diversification: Future growth opportunities

Our diversification strategy is to create profitable growth by leveraging our core technologies, core competencies and existing markets. We are entering new and adjacent markets and launching new products, as well as exploring partnerships and distribution models based on robust clinical, economic, market and technical landscape analyses.

Global manufacturing: Strategic and strong

A single operations strategy applies across six regional manufacturing plants. With our new facility in Vietnam and those in the U.S., Belgium, Japan, India and Northern Ireland, our ability to optimize quality, business continuity, productivity and efficiency has never been stronger.

We remain steadfast in our passion to create value for all stakeholders. Even with the market challenges facing our industry, TGBM remains very strong, stable and profitable. With a proven history of driving long-term, sustainable growth and a legacy of innovation and diversification, we remain unwavering on our strategic path.

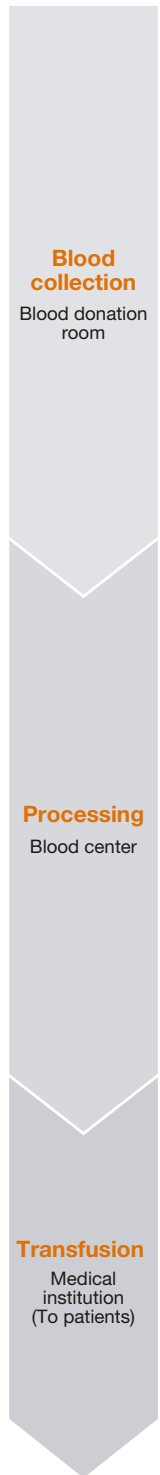


Vietnam factory, which opened in July 2014

Blood Management Company (Terumo BCT)

We are a global leader in blood component and cellular technologies. We offer a unique combination of apheresis collections, manual and automated whole blood processing, and pathogen reduction coupled with leading technologies in therapeutic apheresis and cell processing.

Blood Centers



Whole Blood Collection

Blood is safely collected and stored with our whole blood component processing system.

Blood bag system with leukocyte reduction filter

Apheresis Blood Collection

Apheresis enables safe, efficient collection of specific blood components.

Automated blood collection system

Whole Blood Processing

Whole Blood Automation efficiently creates consistent, high-quality blood component products.

Automated blood component processing system

Pathogen Reduction Technology

By greatly reducing pathogens and inactivating residual leukocytes, this technology improves the overall safety of blood transfusions.

Pathogen reduction technology system

Who needs blood transfusions?

- People whose bodies cannot produce enough blood**
For example, as a result of cancer therapy or aplastic anemia
- People who have experienced a significant loss of blood**
Due to an accident or surgery
- People with diseases that prevent the production of healthy blood**
Diseases such as leukemia and myeloma



Therapeutic Apheresis and Cell Collections

Hospitals and Therapeutic Apheresis Centers

In therapeutic apheresis procedures, blood components causing disease are removed from a patient and replaced with appropriate fluids or blood components from healthy donors. Cell collections remove specific types of cells from a patient or healthy donor to be used for targeted therapy such as a stem cell transplant or immunotherapy.



Centrifugal apheresis system

Cell Processing

Cell Therapies and Point-of-Care Solutions

We support researchers and clinicians in developing cell therapies and point-of-care solutions to improve patient outcomes. This field has the potential to fundamentally change medicine.



Cell expansion system



Autologous cell processing device

Global R&D System

In fiscal 2014, Terumo adopted business-led management organized around three core companies. Under our business-led management, we pursue R&D for the Terumo Group along two vectors: Company R&D and Corporate R&D. Company R&D develops product pipelines consistent with strategies where the businesses in the three-company management structure oversee everything from product development

to production and sales. Led by the R&D Headquarters, Corporate R&D develops next-generation products for existing businesses and conducts projects to create new businesses. While these two R&D groups pursue separate paths, they also collaborate on joint projects to create new value. Overall management of company and corporate R&D efforts for the entire Terumo Group is headed by the Chief Technology Officer (CTO).

Overseeing Terumo Group R&D – The CTO

In July 2015, Terumo moved to strengthen its global headquarters functions by creating six CXO positions to oversee critical functions of the entire Terumo Group. One of these positions is the Chief Technology Officer, or CTO. The CTO leads Corporate R&D, promotes R&D collaboration across the Terumo Group, and strengthens internal development capabilities. The CTO launches projects spanning company and business boundaries, and directs R&D aimed at creating new businesses. The CTO also identifies and analyzes trends shaping the future of medicine, sharing findings with the Group management and proposing growth strategies.

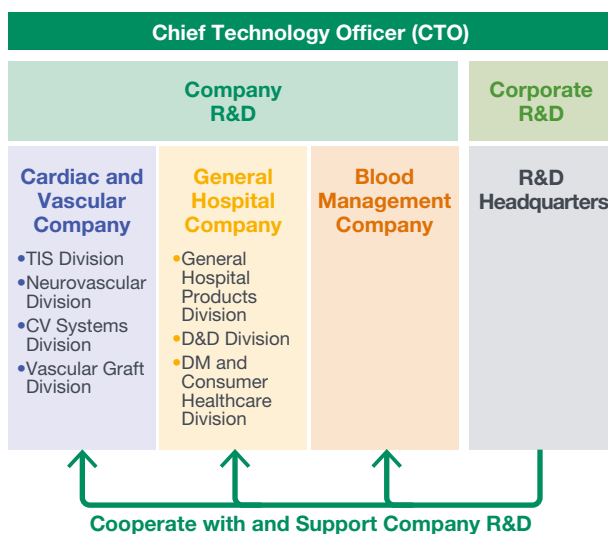
In addition, the CTO works with the CTO Team to promote strategic R&D efforts involving various Terumo businesses and build a human network among R&D staff with diverse skills and knowledge. Through these efforts the CTO seeks to maximize the R&D capabilities of the entire Terumo Group.



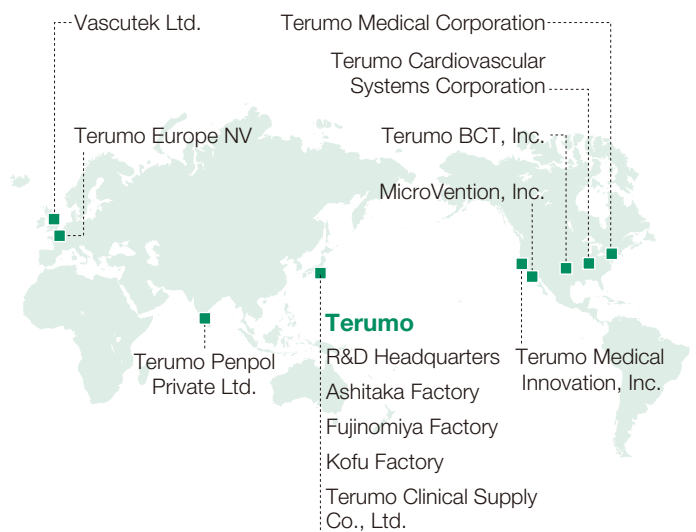
Hiroaki Kasukawa

Chief Technology Officer (CTO)
General Manager, R&D Headquarters

R&D System Based on Globalized Business-led Management



The Terumo Group's R&D Bases (As of June 30, 2016)



Terumo's R&D Objective: Create New Value

As populations age globally, needs are increasing not only for disease treatment, but also health maintenance and preventive medicine. In addition, the growing use of IT in medicine has given rise to strong expectations for the development of individualized medicine—medicine optimized to individual patients—and remote/residential medical care. The evolution of the environment and needs of medicine have expanded the role of R&D beyond developing new technologies and products, to also include careful observation of medical settings to accurately identify needs with great social or economic significance, and creation of valuable solutions to address them. By increasing the speed and accuracy of the needs-identification and solution-development cycles, we strive to provide medical settings with innovations of value faster and in greater numbers.

Strengthening Internal Development

Bringing new value to medical settings requires the ability to discern critical unmet needs through communication with patients and medical professionals. Once unmet needs have been identified, it is paramount to flexibly combine internal and external technologies and expertise through open innovation. Terumo works to develop R&D personnel who can lead open innovation, and proactively incorporates new perspectives and approaches. As one example of this, we have adopted the practical development approach of the Biodesign Program* at Stanford University in the United States. Under this approach, we observe medical settings directly to identify needs and select the most beneficial needs for medical settings. To meet the needs, we next develop product concepts from feasibility and market perspectives, and aim for commercialization. The advantage of this method is to be able to pursue both the results of human resource development and product development. Terumo's internal development activities also take place in other ways: Two examples are our participation in the SIDO Next Innovator program sponsored by the Japanese Ministry of Economy, Trade and Industry and our overseas study program to help associates learn about cutting-edge technologies.

Through these initiatives, we strive to develop new

perspectives and ways of thinking, acquire knowledge, and build the human networks required to pursue innovations demanded by the global healthcare market.

* For more information on human resource development initiatives under the Biodesign Program, please refer to the feature article on page 12.

Searching for Growth Opportunities

As medical technology advances and IT evolves, the practice of medicine is undergoing drastic change. With aging populations across the globe and changing lifestyles amid economic growth in emerging nations, it is necessary to provide medical services that are recognized as socially and economically valuable, based on a comprehensive consideration of disease prevention, prediction of the onset of disease, diagnosis and treatment, and post-treatment quality of life (QOL).

The aim of R&D at Terumo is to contribute to medical settings globally by producing innovations of value in the ways mentioned above, and to thereby support sustainable growth of the Terumo Group. In the area of cardiovascular disease prevention and treatment, for which the rate of incidence is growing, the Cardiac and Vascular Company is applying its wealth of experience and expertise in development of interventional therapy and cardiovascular surgery products to consider new initiatives in areas surrounding the cardiovascular disease.

Another key area of R&D activities is the commercialization of regenerative medicine. Drawing on the technology accumulated in developing HeartSheet autologous skeletal myoblast sheets—the world's first cellular and tissue-based product for treating severe heart failure—we will consider the potential of regenerative medicine to treat heart failure from a broad perspective.

We are additionally looking beyond the treatment of disease, focusing also on postoperative care that addresses issues including postoperative complications and pain management, in order to further medicine that improves patient QOL. Other areas we are studying include the development of new products and services that apply analysis of the data from medical IT-based examinations, disease onset prediction, and prevention activities.

R&D Achievements

In the Cardiac and Vascular Company, Terumo received approval for manufacturing and selling its Ultimaster drug-eluting coronary stent in Japan and launched in October 2015, following its launch in Europe, Latin America and Asia in fiscal 2014. Terumo plans to further expand the product line going forward to meet 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). In addition, Terumo 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, in the United States in October 2015. 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 and other body parts.

The General Hospital Company obtained approval in Japan to manufacture and sell the Immucise intradermal injection needle in September 2015. The concept for this device is to make intradermal injections simpler and more certain, which is expected to improve the effectiveness of vaccines.

In the field of regenerative medicine, Terumo received conditional and time-limited approval for manufacturing and selling its HeartSheet autologous skeletal myoblast sheets, which was jointly developed with Osaka University, as the first cellular and tissue-based product in Japan for treating severe heart failure due to chronic ischemic heart disease.

In fiscal 2015, the Terumo Group's R&D expenses totaled 33.1 billion yen, or 6.3% of net sales.

Cardiac and Vascular Company

This company's R&D work consists of research and development on interventional systems and cardiovascular products, led by Terumo's R&D Headquarters and Terumo Cardiovascular Systems Corporation; research and development of neurovascular products, led by MicroVention, Inc.; and research and development of artificial vascular grafts, led by Vascutek Ltd. The Cardiac and Vascular Company's R&D expenses totaled 16.4 billion yen for fiscal 2015.

General Hospital Company

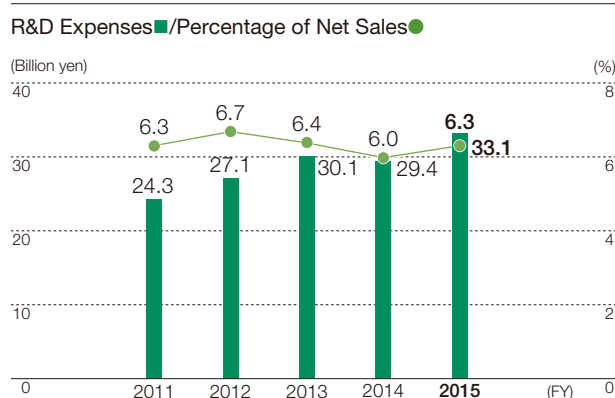
Led by Terumo's R&D Headquarters, research and development work is performed on products including infusion devices, infusion solutions, prefilled syringes, digital thermometers, and digital blood pressure

monitors. The General Hospital Company's R&D expenses totaled 3.8 billion yen for the fiscal year.

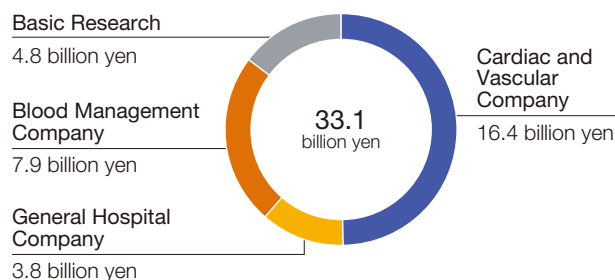
Blood Management Company

R&D work for this company consists of research and development performed primarily by Terumo's R&D Headquarters and Terumo BCT, Inc. on transfusion-related and other products. The Blood Management Company's R&D expenses totaled 7.9 billion yen for the fiscal year.

Fiscal 2015 R&D expenses of 33.1 billion yen included 4.8 billion yen for basic research including regenerative medicine. This amount was not allocable to individual business segments.



Fiscal 2015 R&D Expenses by Business Segment



Launch Status of Fiscal 2015 Pipeline Products

Field	Product	Region
Coronary	DES (Ultimaster)	Japan
	Peripheral stent (Misago)	U.S.
Peripheral	PTA balloon catheter (above the knee)	Europe, U.S.
	Emboloc particles (beads)	Europe
	Coil assist stent	Japan
Neurovascular	Liquid embolic glue	Europe
	CV	Disposable centrifugal pump (for PCPS)

Strengthening Our Global Production System

With its businesses globalizing at an accelerating rate, Terumo is strengthening its global production system in order to stably and rapidly supply high-quality products to medical settings throughout the world. Our principal Japanese factories constantly accumulate expertise, hone their advanced production technologies, which comprise the core of manufacturing capabilities, and transfer this manufacturing expertise to factories outside Japan. Terumo currently has seven factories in Japan, including the Fujinomiya and Ashitaka Factories in Shizuoka Prefecture, the Kofu Factory in Yamanashi Prefecture, and facilities at Terumo Yamaguchi Corporation and Terumo Yamaguchi D&D Corporation, which began commercial production in January 2016, and others.

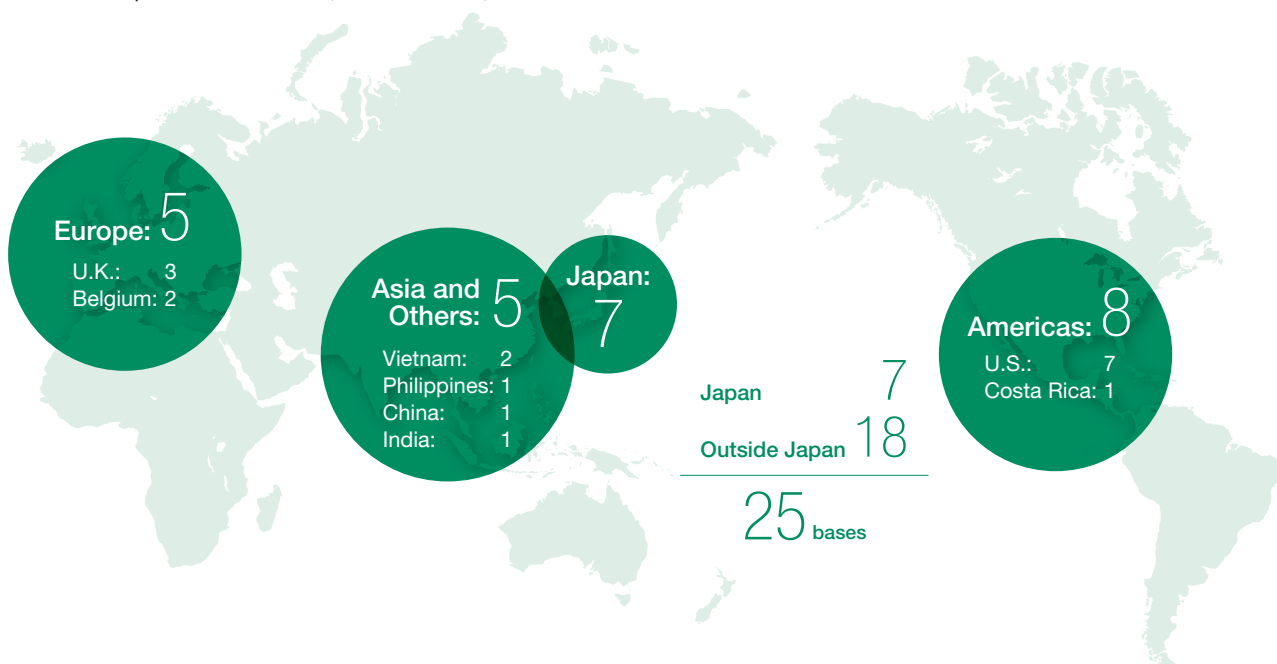
Outside of Japan, Asia serves as the center of the Terumo Group's production activities. Factories

in the Philippines, Vietnam, and other locations stably provide customers with high-quality products, and receive technology transfers from factories in Japan. By expanding production at these Asian factories, we also strengthen our cost competitiveness to support global growth. In July 2014, we opened our second Vietnamese factory outside of Ho Chi Minh City, and we are now in the process of transferring production of blood bags and automated blood collection disposable kits to that facility.

Outside of Asia, MicroVention, Inc., a U.S. subsidiary, established a factory in Costa Rica in 2013. That facility is now engaged in stable, high-volume production of increasingly in-demand coils and stents for treating cerebral aneurysms.

Moving forward, we will continue to hone the advanced production technology that drives our competitiveness, constantly working to further strengthen cost competitiveness as we build a production system capable of adapting to changes in business conditions and demand.

Terumo Group Production Bases (As of June 30, 2016)



Corporate Governance

Basic Stance

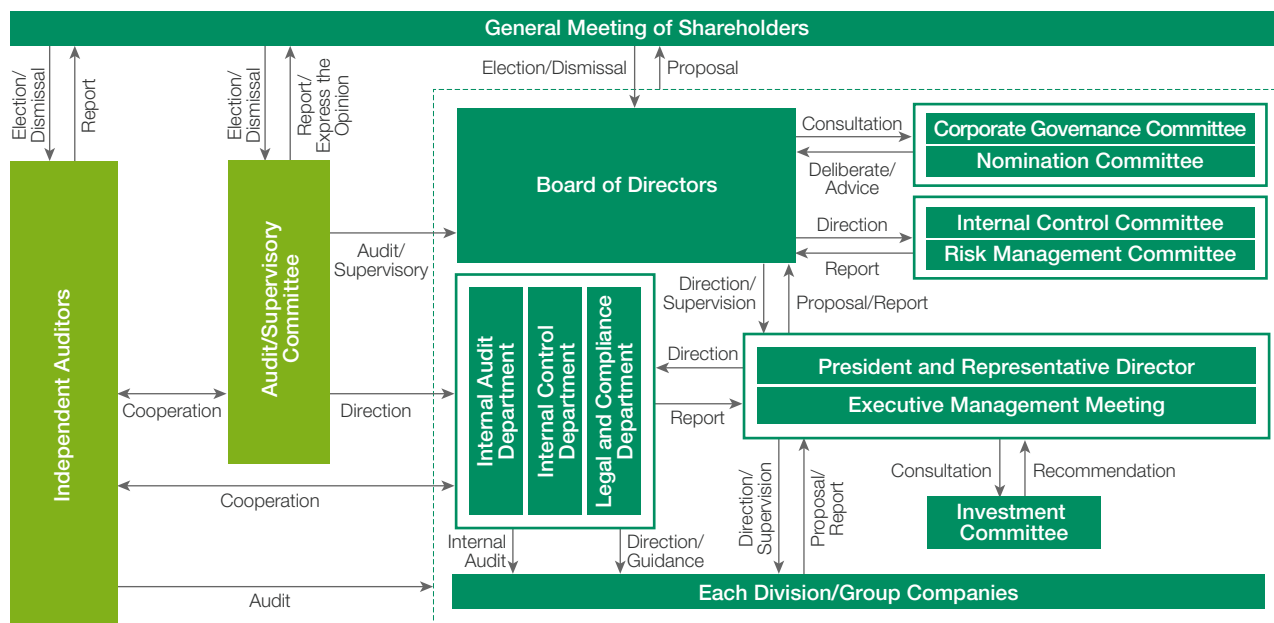
Terumo’s corporate mission is “Contributing to Society through Healthcare.” Guided by its mission, Terumo provides valuable products and services to achieve sustainable growth, maximize long-term corporate value and meet the expectations of its worldwide stakeholders, including its customers, shareholders,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

Corporate Governance Structure

Terumo adopted the organizational design of a “Company with an Audit/Supervisory Committee” in order to enhance the functions of audit and supervision over the Board of Directors and Directors, further strengthen its corporate governance framework, and to enhance its mid- and long-term corporate value. In addition, Terumo has established the Corporate Governance Committee, Nomination Committee, Internal Control Committee, and Risk Management Committee as discretionary bodies that serve to enhance the transparency and objectivity of management. Based on the TERUMO Corporate Governance Guideline established by the Board of Directors, the board may have up to 15 directors, excluding members of the Audit/Supervisory Committee. Directors who are members of the Audit/Supervisory Committee may number up to five, over half of whom must be external members, and 20% or more of the Board of Directors should be independent directors. Independent directors must meet the requirement in the Director Independence Standards established by Terumo. “Independent Directors Notifications of the appointment” have been submitted to the Tokyo Stock Exchange for all of independent directors, except one for whom a notification has not been submitted, in accordance with the rules of the firm he serves.

*1 For more information on the TERUMO Corporate Governance Guideline, please visit Terumo’s website. <http://www.terumo.com/about/governance.html>

Corporate Governance Structure



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

Board of Directors

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

The Board of Directors presently consists of 15 members (including members of the Audit/Supervisory Committee), five of whom are independent directors. Two directors (one internal and one independent) are women, and one (internal) is from outside Japan (elected at the 101st Annual General Meeting of Shareholders convened on June 24, 2016). When the Company appoints independent directors, it should consider the diversity of members, including different backgrounds, professional fields, and gender, based on the guidelines for appointment of independent directors.

Audit/Supervisory Committee

The Audit/Supervisory Committee shall audit and supervise the execution of duties by directors and executive officers to ensure the appropriate, reasonable, and efficient operation of the Terumo Group. To fulfill its audit and supervisory duties, the Audit/Supervisory Committee may provide direct instructions to the Internal Control, Internal Audit and Legal and Compliance Departments. The Audit/Supervisory Committee is comprised of three members, two of whom are independent directors. To enhance the audit and supervisory function, the Audit/Supervisory Committee Office has been established, and is staffed with full-time personnel, as a support organization for the Audit/Supervisory Committee.

Corporate Governance Committee

The Corporate Governance Committee shall, as an advisory body to the Board of Directors, discuss matters related to corporate governance and provide advice to the Board with the goals of maintaining and improving the Terumo Group's business integrity and corporate governance practices. The Committee shall consist of a maximum of six (6) directors selected by the Board of Directors from among the directors. Terumo shall have independent directors account for at least half of the Members of the Committee. At least one of the Representative Directors shall be

a member of the Committee. The member of the Corporate Governance Committee shall elect one of the independent directors serving on the Committee to serve as the chair of the Committee.

Nomination Committee

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

Internal Control Committee

The Internal Control Committee shall design and operate the Terumo Group's internal control system in accordance with the Company's "Internal Control System Design Basic Policy." The Committee shall be comprised of Terumo Corporation's Representative Directors, Directors ranked Managing Executive Officer or above, Expert Panels Chairpersons, Internal Control Department Managers, and external legal counsels. The chair shall be the President and Representative Director. Audit/Supervisory Committee members may attend and speak at the meetings of the Committee.

^{*2} For more information on the Internal Control System Design Basic Policy, please visit Terumo's website.
<http://www.terumo.com/about/compliance.html>

Risk Management Committee

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

Internal Controls

In accordance with Japan's Companies Act, Terumo Corporation's Board of Directors has approved the "Internal Control System Design Basic Policy," and the Company promotes the establishment of an internal control system within the Terumo Group.

Executive Compensation

Compensation for executive directors consists of a fixed portion, bonus, and stock options, with the intention that these elements comprise 50%, 30%, and 20%, respectively, of total combined compensation for these directors. Compensation for non-executive directors consists of only a fixed amount. Compensation for directors and related matters are disclosed within business reports posted on Terumo Corporation's website.

Standards for payments of fixed compensation, (excluding Audit/Supervisory Committee members), bonuses, and stock options are considered by the Corporate Governance Committee in light of information including that which is provided by an outside research organization on comparable standards used at other companies and resolved by the Board of Directors.

Timely Disclosure of Information

Terumo aims to be a company that is trusted throughout society. Emphasizing transparency, fairness, and continuity, we make information disclosures to shareholders, other investors, customers and other stakeholders as required by the Financial Instruments and Exchange Act and the Tokyo Stock Exchange's timely disclosure rules. We also engage in the timely and proactive disclosure of information that we believe to be effective in enhancing understanding of our company.

System for Timely Disclosure

In line with our Corporate Governance Policy, we have established the Disclosure Subcommittee to determine how proposed disclosure should be handled. Positioned under the Internal Control Committee, the Disclosure Subcommittee makes its decisions based on considerations of necessity, disclosure timing, and matters of legality and propriety concerning the documentation proposed for disclosure.

Compliance

Compliance System

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

Compliance with the Code of Conduct of the Terumo Group

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

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

The Code of Conduct of the Terumo Group states that "Each Associate must conduct business activities honestly, take responsible action for environmental conservation and make consistent efforts to enable the

company to become a role model reliable corporate citizen.” We carry out training on the Code of Conduct tailored to each site and encourage associates to recognize the importance of corporate ethics. As a global company, we also clearly state and promote the need to eliminate discrimination in our Code of Conduct.

Appropriate Relationships with Public Officials

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

Prohibition of Collusion and Cartels

There have been many cases throughout the world in which collusion, action as a cartel, or other kinds of violations of competition laws have been uncovered and subjected to strict punishment. To help ensure that it does not contribute to such activities, Terumo established the “Terumo Group Global Antitrust Policy” in January 2015. In addition, the Terumo Group conducts cartel prevention e-Learning-based training for associates in Japan and overseas in a Group-wide effort to maintain free and fair competition.

Combating Anti-Social Forces

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

Whistle-Blowing System

Terumo builds and operates a whistle-blowing system in which Group associates can, upon discovering compliance violations, etc., report problems out of their usual line of authority and have assurance that associates making reports will not be treated disadvantageously. Further, the divisions operating the whistle-blowing system report on its status to the Audit/Supervisory Committee as necessary.

Abiding by Industry Rules

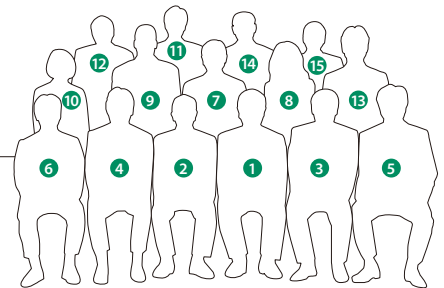
Terumo abides by the Fair Competition Code, Code of Practice, Promotion Code, and other industrial regulations to ensure that it follows appropriate promotion practices for medical devices and pharmaceuticals. We have also established the Terumo Code of Practice and conduct continuous in-house education for associates in order to promote awareness and thorough understanding of compliance. Going forward, we will continue to abide by these guidelines and practices.

Making the Relationship between Corporate Activities and Medical Institutions Transparent

Terumo has contributed to the development of the life sciences by conducting business activities consistent with “Contributing to Society through Healthcare” — our corporate mission. The development of advanced medical devices and pharmaceuticals requires the efforts of not only individual companies but also cooperation with university and other research and medical institutions. In that connection, funds are paid as compensation, and donations are made for research and other purposes. To ensure a high degree of transparency as it engages in such payments, Terumo abides by not only relevant laws and regulations but also industry self-regulation provisions based on the Fair Competition Code and other ethical business standards. Regarding the payment of funds, we disclose information in accordance with regulations in Japan and other countries. Concerning disclosures in Japan, in particular, we have formulated our Transparency Guideline for the Relationships between Corporate Activities and Medical Institutions and our Transparency Guideline for the Relationships between Corporate Activities and Patient Organizations, and disclose the amounts paid.

Directors, Audit/Supervisory Committee Members and Executive Officers

(As of June 24, 2016)



Directors

Yutaro Shintaku — 1

President and CEO

Hiroshi Matsumura — 2

Director and Executive Vice President
Public Relation
General Affairs Dept.
Diversity Promotion Dept.
Japanese Sales Management Dept.

Takayoshi Mimura — 3

Director and Senior Executive Officer
Regional Representative, China

Shinjiro Sato — 4

Director and Managing Executive Officer
President, Cardiac and Vascular Company

Toshiaki Takagi — 5

Director and Managing Executive Officer
Chief Quality Officer (CQO)
Quality Assurance Dept.
Post-Market Surveillance and Vigilance Dept.
Environmental Management Dept.
Terumo Call Center

Shoji Hatano — 6

Director and Managing Executive Officer
President, General Hospital Company

Hideo Arase — 7

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

Kuniko Shoji — 8

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

David Perez — 9

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

Mari Matsunaga — 10

Independent Director
Representative, Mari Matsunaga Office

Ikuo Mori — 11

Independent Director

Ryuzo Ueda — 12

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

Directors (Audit/Supervisory Committee Members)

Kenji Sekine — 13
Director
(Audit/Supervisory Committee Member)

Toshihiko Matsumiya — 14
Independent Director
(Audit/Supervisory Committee Member)
Certified Public Accountant

Masatake Yone — 15
Independent Director
(Audit/Supervisory Committee Member)
Lawyer

Executive Officers

Kazuaki Kitabatake
Managing Executive Officer
International Business Dept.
Investor Relations, Corporate
Communication Dept.
Design Planning Dept.
Global Talent Management

Narushige Toda
Senior Executive Officer
General Manager, Japanese Sales
Management Dept.

Yoshiaki Akaike
Senior Executive Officer
Vice President, D&D Division
(Production), General Hospital
Company
General Manager, Production Dept.
Procurement Dept.

Tsuyoshi Tomita
Senior Executive Officer
Division President, General Hospital
Products Division, General Hospital
Company

Ryo Nishihata
Senior Executive Officer
Chief Accounting and Financial Officer
(CAFO)
General Manager, Treasury Dept.
Controller Dept.

Hiraku Murayama
Senior Executive Officer
Vice President, Interventional Systems
Division (Production), Cardiac and
Vascular Company
Factory Manager, Ashitaka Factory,
Cardiac and Vascular Company

Hikaru Samejima
Senior Executive Officer
Division President, Interventional
Systems Division, Cardiac and
Vascular Company

Mark Sutter
Executive Officer
Division President, CV Systems
Division, Cardiac and Vascular
Company
President and CEO, Terumo
Cardiovascular Systems Corp.

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

Hiroshi Nakagomi
Executive Officer
General Manager, Quality Assurance
Dept.

Masataka Haraguchi
Executive Officer
Branch Manager, Tokyo Branch

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

Richard Cappetta
Executive Officer
Division President, Neurovascular
Division, Cardiac and Vascular
Company
President and CEO, MicroVention, Inc.

Seiji Kawabata
Executive Officer
General Manager, Sales Promotion
Division (Japan), General Hospital
Company

Masato Nishimura
Executive Officer
General Manager, Production
Technology Center, Production Dept.

Kosuke Matsumoto
Executive Officer
General Manager, Human Resources
Dept.
Human Resources Development Dept.
Health Management

Masanori Hoshino
Executive Officer
Division President, DM and Consumer
Healthcare Division, General Hospital
Company

Hiroshi Nagumo
Executive Officer
Senior Vice President and General
Manager (Japan), Terumo BCT
Holding Corp.
President and Representative Director,
Terumo BCT Japan, Inc.

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

Hiroaki Kasukawa
Executive Officer
Chief Technology Officer (CTO)
General Manager, R&D Headquarters
Terumo Medical Pranex

Takanori Shibazaki
Executive Officer
President and CEO, Terumo (China)
Holdings Co., Ltd.

Kazuhiro Uchida
Executive Officer
General Manager, Intellectual Property
Dept.

Tetsuya Kumei
Executive Officer
Division President, D&D Division,
General Hospital Company

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

Tadashi Sameshima
Executive Officer
General Manager, HeartSheet
Business Dept.
Leader, Regenerative Medicine, R&D
Headquarters

Kazunori Hirose
Executive Officer
Vice President, General Hospital
Products Division (Production), General
Hospital Company

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

Itaru Sakaguchi
Executive Officer
Director and Factory Manager,
Terumo Yamaguchi Corporation

Toshihiko Osada
Executive Officer
General Manager, Strategic Planning
Dept.

Five-Year Financial Summary (Consolidated)

Terumo Corporation and subsidiaries
Years ended March 31

Fiscal Year	Millions of yen				
	FY 2011 (Ended March 2012)	FY 2012 (Ended March 2013)	FY 2013 (Ended March 2014)	FY 2014 (Ended March 2015)	FY 2015 (Ended March 2016)
Net sales	¥386,686	¥402,294	¥467,359	¥489,506	¥525,026
Operating income	63,049	53,216	65,288	67,456	81,703
Income before income taxes	49,649	52,285	52,907	64,046	76,920
Net income* ¹	24,167	47,014	34,096	38,470	50,676
Net cash provided by (used in) operating activities	56,200	50,270	96,259	73,110	80,303
Net cash provided by (used in) investing activities	(247,182)	(31,293)	(52,744)	(40,421)	(23,495)
Free cash flow	(190,981)	18,976	43,515	32,689	56,808
Net cash provided by (used in) financing activities	182,982	(22,340)	(31,785)	44,121	(79,936)
Research and development expenses	24,322	27,128	30,130	29,360	33,147
Capital expenditure	26,620	32,164	46,624	41,441	31,454
Depreciation and amortization* ²	28,835	32,554	39,881	40,692	44,674
Per Share Indicators*³	Yen				
Earnings per share (EPS)	¥127.28	¥247.60	¥89.78	¥101.33	¥135.14
Dividends	39.00	44.00	58.00	30.50	39.00
Book value per share (BPS)	1,855.25	2,304.42	1,306.72	1,513.73	1,408.53
Financial Position (Fiscal year end)	Millions of yen				
Current assets	¥256,867	¥286,955	¥310,985	¥412,458	¥374,746
Current liabilities	157,997	115,844	160,936	129,947	168,835
Total assets	692,520	771,032	832,814	992,073	901,685
Net assets	352,537	437,909	496,245	573,523	511,544
Capital	38,716	38,716	38,716	38,716	38,716
Management Indicators					
ROE	7.0%	11.9%	7.3%	7.2%	9.3%
ROA	4.3%	6.4%	4.3%	4.2%	5.4%
Shareholders' equity ratio (%)	50.9%	56.7%	59.6%	57.8%	56.7%
Shares outstanding as of the end of the fiscal year (thousands)* ³	189,879	189,877	379,749	378,829	362,969
Employees as of the end of the fiscal year	18,112	18,893	19,263	19,934	20,697

*¹ Profit attributable to owners of parent

*² Including amortization of goodwill

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

Net Sales and Income

Net Sales

Terumo Group net sales totaled 525.0 billion yen, for a year-on-year increase of 7.3%.

In Japan, net sales rose 2.2% to 187.2 billion yen on higher sales in the Cardiac and Vascular Company, mainly in the Terumo Interventional Systems (TIS) and Neurovascular businesses, and solid growth in sales of the General Hospital Company's infusion systems and peritoneal dialysis products.

Outside of Japan, favorable sales performance in the TIS and Neurovascular businesses in the US and China, but also other parts of the Asian market, led to a 10.3% rise in net sales, to 337.8 billion yen.

Gross Profit

With higher sales in the TIS and Neurovascular businesses, and ongoing strength in Ultimaster sales on a global basis, the Cardiac and Vascular Company led sales growth in high-margin businesses and products. Combined with contributions from ongoing efforts to reduce production costs, gross profit rose 11.3% year-on-year to 284.9 billion yen.

Operating Income

Selling, general, and administrative expenses rose 7.8% year-on-year due to an increase in sales promotion and R&D expenses in the TIS and Neurovascular intervention businesses in the United States and Europe. Nevertheless, with an even greater increase in gross profit, operating income grew by 21.1% to 81.7 billion yen.

Operating income before amortization of goodwill and other intangibles was up 19.7% to 101.9 billion yen. The operating profit margin before amortization of goodwill and other intangibles came to 19.4%.

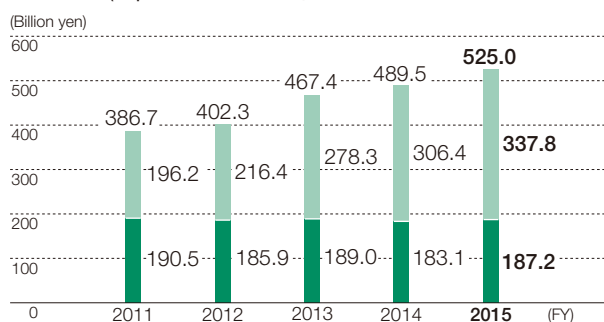
Ordinary Income

In fiscal 2015, foreign exchange loss was 7.5 billion yen whereas foreign exchange gain of 6.6 billion yen was recorded in fiscal 2014. As a result, ordinary income increased 3.3% to 73.1 billion yen.

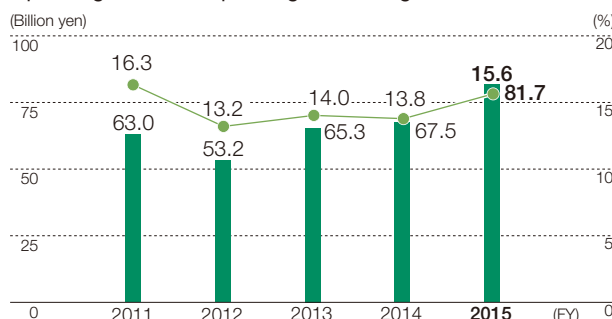
Net Income (Profit attributable to owners of parent)

While an extraordinary loss of 5.6 billion yen was recorded in fiscal 2014 due to the transformation of the product portfolio of the General Hospital Products business in Europe, an extraordinary gain of 4.4 billion yen was realized from the sale of the company's headquarters location. In addition, reduced tax burdens resulting from the revised tax code also contributed to a 31.7% year-on-year increase in net income, to 50.7 billion yen.

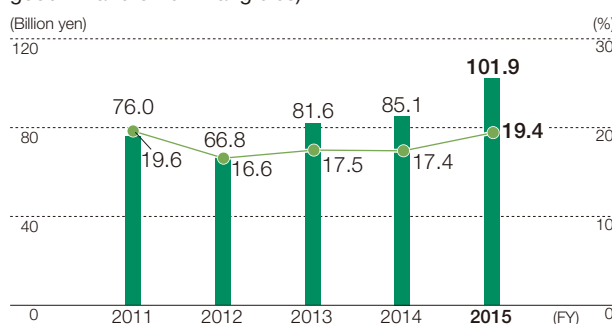
Net Sales (Japan ■/Overseas ■)



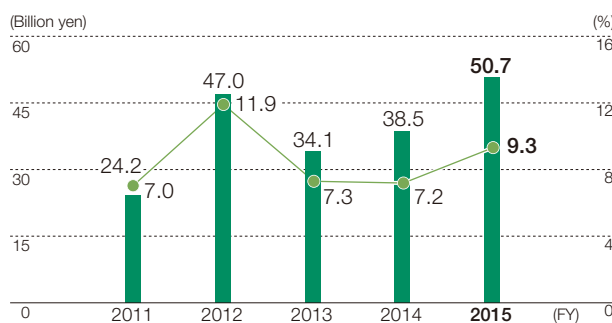
Operating Income ■/Operating Profit Margin ●



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



Net Income* ■/ROE ●



* Profit attributable to owners of parent

Results by Business Segment

■ Cardiac and Vascular Company

In the Terumo Interventional Systems (TIS) business, the Ultimaster drug-eluting coronary stent was launched in Japan in October 2015. Sales of Ultimaster were brisk in all areas, including in Europe, Latin America, and Asia, where the product was introduced during the previous fiscal year. In addition, sales of products for transradial coronary intervention (TRI: a technique using a catheter to approach the coronary artery from an artery in the wrist) remained strong in the United States. Sales also grew in Asia, mainly in China. In the Neurovascular business, sales increased substantially in the United States and Asia mainly in China. Consequently, net sales in the Cardiac and Vascular Company increased 13.9% year on year to 258.6 billion yen. Operating income* increased 33.7% year on year to 63.4 billion yen and the operating profit margin* improved by 4 percentage points to 25%. This was primarily due to increased gross profit resulting from expanded sales of high-margin businesses and products including strong overseas sales in the TIS and Neurovascular businesses and global sales expansion of Ultimaster.

■ General Hospital Company

In Japan, sales grew with closed infusion systems and products for peritoneal dialysis and diabetes management. Overseas, sales of infusion pumps and other products increased in Asia, while the company made efforts to improve profitability through the transformation of its product portfolio by downsizing low-profit businesses, mainly in Europe and Latin America. Overall, therefore, net sales in the General Hospital Company were almost flat at 161.4 billion yen, compared to the previous fiscal year. Operating income*, however, rose 8.5% year on year to 22.6 billion yen, with the operating profit margin* up one percentage point to 14%, as a result of ongoing cost reductions, mainly in Japanese factories, and a decline in raw material costs due to lower crude oil prices.

■ Blood Management Company

In Japan, sales decreased year on year as an ongoing decline in the number of blood donations impacted demand for related products used during blood collection. Overseas, a revision in contract prices blunted sales growth for products used in blood centers in the United States. Nevertheless, sales increased in the therapeutic apheresis systems and cell processing systems coupled with solid sales performance of products for blood centers, mainly in emerging nations. Accordingly, net sales in the Blood Management Company were 105.0 billion yen, up 3.9% year on year. Operating income*, though, declined 8.6% to 16.9 billion yen, with a two-percentage-point dip in the operating profit margin*, to 16%. This was mainly because of the contract price revision mentioned above and the negative impact on profit from the products manufactured in the United States and sold in Europe affected by euro depreciation against the U.S. dollar.

*Before amortization of goodwill and other intangibles

Fiscal 2015 Net Sales by Business Segment

■ Cardiac and Vascular Company (Billion yen)

	TIS	Neuro-vascular	CV Systems	Vascular Graft	Total
Japan	37.1	2.5	9.9	2.1	51.6
Americas	56.2	9.0	21.4	2.7	89.4
Europe	46.0	7.3	5.5	7.9	66.7
Asia and others	37.3	7.5	5.0	1.2	51.0
Total	176.6	26.3	41.8	13.9	258.6

■ General Hospital Company (Billion yen)

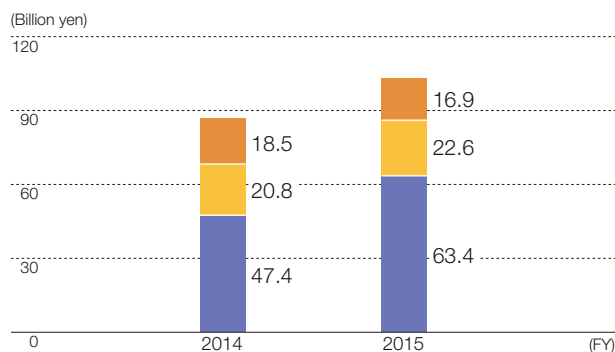
	General Hospital Products	D&D	DM and Consumer Healthcare	Total
Japan	49.9	52.8	21.4	124.2
Americas	6.8	1.5	0.0	8.3
Europe	4.5	3.8	1.0	9.3
Asia and others	16.5	0.2	2.9	19.6
Total	77.7	58.4	25.3	161.4

■ Blood Management Company (Billion yen)

	Blood Centers	Therapeutic Apheresis and Cell Collections	Cell Processing	Total
Japan	10.7	0.7	0.1	11.5
Americas	26.8	11.9	6.9	45.7
Europe	20.3	4.7	0.8	25.8
Asia and others	18.6	2.9	0.5	22.0
Total	76.5	20.3	8.3	105.0

Operating Income* by Business Segment

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



* Before amortization of goodwill and other intangibles

Balance Sheet and Cash Flow Information

Total Assets

Total assets decreased by 90.4 billion yen from the end of the previous fiscal year, to 901.7 billion yen. This was primarily attributable to a decrease in the repayment of marketable securities (negotiable deposits), a decrease in intangible assets, and the effects of changes in foreign exchange rates.

Liabilities

Liabilities decreased by 28.4 billion yen from the end of the previous fiscal year, to 390.1 billion yen. This was primarily attributable to the repayment of long-term debt, and decreases in income taxes payable and notes and trade payable.

Total Net Assets

Total net assets decreased by 62.0 billion yen from the end of the previous fiscal year, to 511.5 billion yen. This was primarily attributable to the acquisition of treasury stock and the effects of changes in foreign exchange rates, while retained earnings increased.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities came to 80.3 billion yen (compared to 73.1 billion yen provided in fiscal 2014). Income before income taxes totaled 76.9 billion yen; depreciation and amortization, 33.7 billion yen; amortization of goodwill, 11.0 billion yen; and corporate and other taxes paid, 36.5 billion yen.

Net Cash Provided by (Used in) Investing Activities

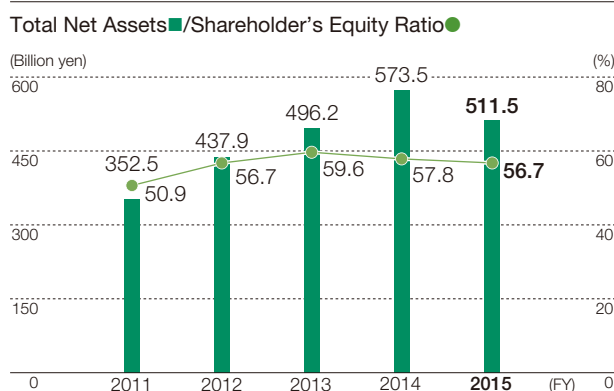
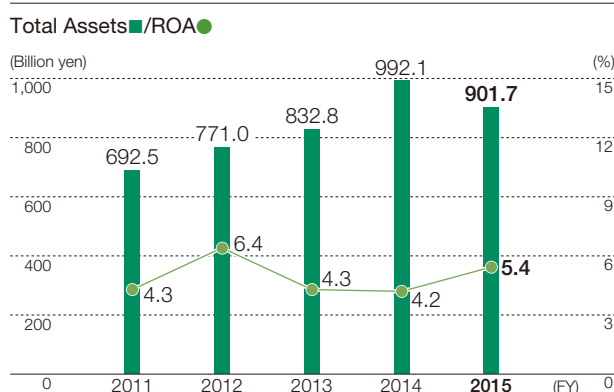
Net cash used in investing activities came to 23.5 billion yen (compared to 40.4 billion yen used in fiscal 2014). This primarily reflects the 28.2 billion yen used to acquire property, plant and equipment.

Net Cash Provided by (Used in) Financing Activities

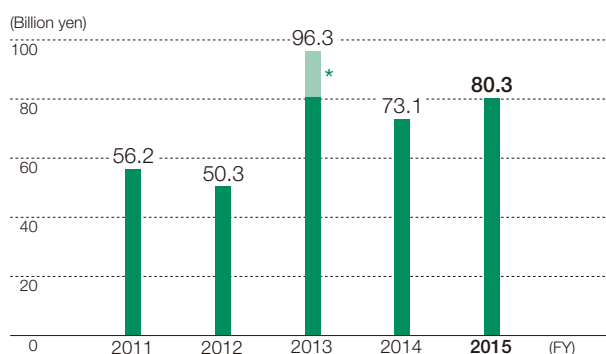
Net cash used in financing activities came to 79.9 billion yen (compared to 44.1 billion yen in net cash provided in fiscal 2014). This mainly reflects 61.0 billion yen to acquire treasury stock and 13.2 billion yen for dividend payouts.

Cash and Cash Equivalents as of the End of the Fiscal Year

As a result of the above, cash and cash equivalents totaled 146.9 billion yen as of the end of the fiscal year, down 29.7 billion yen from the end of the previous fiscal year.



Net Cash Provided by (Used in) Operating Activities



*Reduction of corporate tax associated with an integration of U.S. subsidiary

Cash Flow

	(Billion yen)		
	FY2014	FY2015	Change
Net cash provided by (used in) operating activities	73.1	80.3	7.2
Net cash provided by (used in) investing activities	(40.4)	(23.5)	16.9
Net cash provided by (used in) financing activities	44.1	(79.9)	(124.1)
Cash and cash equivalents at year end	176.7	146.9	(29.7)

Consolidated Financial Statements

Consolidated Balance Sheets

Terumo Corporation and subsidiaries
Years ended March 31, 2016 and 2015

Assets	Millions of yen	
	2016	2015
Current Assets		
Cash and deposits	¥ 149,672	¥ 129,679
Notes and accounts receivable – trade	104,426	104,944
Less: allowance for doubtful accounts	(1,390)	(1,458)
Notes and accounts receivable – trade, net	103,035	103,485
Marketable securities	–	50,000
Inventories	96,454	101,472
Deferred tax assets	14,963	13,949
Other current assets	10,621	13,871
Total current assets	374,746	412,458
Property, Plant and Equipment:		
Land	23,297	22,023
Buildings and structures	167,612	161,029
Machinery, equipment and vehicles	233,310	220,685
Leased assets	2,141	2,182
Construction in progress	21,417	39,029
Other equipment and furniture	43,683	42,422
	491,463	487,373
Less: accumulated depreciation	(315,668)	(308,877)
Net property, plant and equipment	175,794	178,496
Investments and Other Assets:		
Investment securities, including investments in unconsolidated subsidiaries and affiliates	37,724	45,461
Goodwill	143,707	166,990
Customer relationships	90,750	103,217
Deferred tax assets	3,436	259
Retirement benefit assets	–	6,786
Other assets	75,524	78,402
Total investments and other assets	351,143	401,118
Total Assets	¥ 901,685	¥ 992,073

Liabilities and Net Assets	Millions of yen	
	2016	2015
Current Liabilities:		
Short-term debt	¥ 61	¥ 364
Current portion of long-term debt	19,839	5,417
Current portion of bonds payable	40,000	–
Notes and accounts payable – trade	36,294	38,484
Lease obligations	256	208
Income taxes payable	9,778	19,714
Accrued expenses	35,555	35,841
Other current liabilities	27,049	29,916
Total current liabilities	168,835	129,947
Non-current Liabilities:		
Bonds payable	–	40,000
Convertible bonds with subscription rights to shares	100,184	100,233
Long-term debt	58,873	79,141
Lease obligations	286	278
Retirement benefit liabilities	8,656	7,020
Provision for directors' retirement benefits	66	66
Asset retirement obligations	230	233
Deferred tax liabilities	45,079	50,013
Other non-current liabilities	7,925	11,615
Total non-current liabilities	221,304	288,602
Total liabilities	390,140	418,550
Net Assets:		
Capital stock		
Shares authorized 1,519,000,000:		
Shares issued 379,760,520:	38,716	38,716
Capital surplus	50,928	52,103
Retained earnings	419,573	383,317
Less: treasury stock, at cost	(64,040)	(3,035)
Total shareholders' equity	445,178	471,102
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,308	16,910
Deferred gains (losses) on hedges, net of taxes	(13)	–
Foreign currency translation adjustments	63,182	89,043
Accumulated adjustments for retirement benefits, net of taxes	(13,403)	(3,611)
Total accumulated other comprehensive income	66,074	102,341
Stock subscription rights	183	78
Non-controlling interests	109	–
Total net assets	511,544	573,523
Total Liabilities and Net Assets	¥ 901,685	¥ 992,073

Consolidated Statements of Income

Terumo Corporation and subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net Sales	¥ 525,026	¥ 489,506
Cost of Sales	240,125	233,480
Gross profit	284,900	256,025
Selling General and Administrative Expenses	203,197	188,569
Operating income	81,703	67,456
Other Income (Expenses):		
Interest and dividend income	942	932
Royalty income	209	200
Equity in earnings (losses) of affiliates	328	(65)
Gain on sales of property, plant and equipment	4,917	692
Gain on sales of investment securities	793	559
Subsidy income	1,783	—
Gain on adjustment of accounts payable	—	2,030
Interest expense	(1,395)	(1,254)
Foreign exchange gains (losses)	(7,485)	6,598
Loss on disposal of inventories	(82)	(267)
Structural reform-related expenses	(222)	(797)
Loss on disposal of property, plant and equipment	(895)	(1,160)
Impairment loss	(1,010)	(1,625)
Settlement package	(1,656)	—
Loss on liquidation of subsidiaries	(102)	(597)
Restructuring loss	—	(5,607)
Loss on liquidation of businesses	—	(974)
Other, net	(907)	(2,071)
	(4,782)	(3,409)
Income before income taxes	76,920	64,046
Income Taxes		
Current	27,718	29,954
Deferred	(1,427)	(4,378)
	26,290	25,575
Profit	50,630	38,470
Loss attributable to non-controlling interests	(46)	—
Profit attributable to owners of parent	¥ 50,676	¥ 38,470
	Yen	
Earnings per Common Stock		
Basic	¥ 135.14	¥ 101.33
Diluted	126.36	99.12
Cash Dividends per Common Stock	¥ 39.00	¥ 30.50

Terumo Corporation implemented a 2-for-1 stock split for its common shares effective April 1, 2014.
Per share information has been calculated as if the stock split had been implemented as of the beginning of the previous consolidated fiscal year.

Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

Terumo Corporation and subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Profit	¥ 50,630	¥ 38,470
Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(602)	5,640
Deferred gains (losses) on hedges, net of taxes	(15)	2
Foreign currency translation adjustments	(25,864)	45,665
Adjustments for retirement benefits, net of taxes	(9,792)	(795)
Share of other comprehensive income of affiliated accounted for using the equity method, net of taxes	2	1
Total other comprehensive income	(36,272)	50,515
Comprehensive Income	¥ 14,358	¥ 88,986
Comprehensive Income Attributable to:		
Owners of parent	¥ 14,408	¥ 88,986
Non-controlling interests	(50)	—

Consolidated Statements of Changes in Net Assets

Terumo Corporation and subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen										
	Shareholders' equity				Accumulated other comprehensive income				Stock subscription rights	Non-controlling interests	Total
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Unrealized gains (losses) on available-for-sale securities, net of taxes	Deferred gains or losses on hedges, net of taxes	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits, net of taxes			
Balance at March 31, 2014	¥ 38,716	¥ 52,103	¥ 353,600	¥ (24)	¥ 11,269	¥ (2)	¥ 43,377	¥ (2,816)	¥ 20	¥ —	¥ 496,245
Cumulative effect of changes in accounting policies			2,258								2,258
Beginning of period as restated	38,716	52,103	355,859	(24)	11,269	(2)	43,377	(2,816)	20	—	498,504
Dividends from surplus			(11,012)								(11,012)
Profit attributable to owners of parent			38,470								38,470
Purchase of treasury stock				(3,010)							(3,010)
Net changes of items other than shareholders' equity					5,640	2	45,665	(795)	58		50,571
Balance at March 31, 2015	38,716	52,103	383,317	(3,035)	16,910	—	89,043	(3,611)	78	—	573,523
Cumulative effect of changes in accounting policies		(1,175)	(1,220)								(2,396)
Beginning of period as restated	38,716	50,928	382,097	(3,035)	16,910	—	89,043	(3,611)	78	—	571,126
Dividends from surplus			(13,200)								(13,200)
Profit attributable to owners of parent			50,676								50,676
Purchase of treasury stock				(61,004)							(61,004)
Net changes of items other than shareholders' equity					(602)	(13)	(25,860)	(9,792)	105	109	(36,053)
Balance at March 31, 2016	¥ 38,716	¥ 50,928	¥ 419,573	¥ (64,040)	¥ 16,308	¥ (13)	¥ 63,182	¥ (13,403)	¥ 183	¥ 109	¥ 511,544

Consolidated Statements of Cash Flows

Terumo Corporation and subsidiaries
Years ended March 31, 2016 and 2015

	Millions of yen	
	2016	2015
Net Cash Provided by (used in) Operating Activities		
Income before income taxes	¥ 76,920	¥ 64,046
Depreciation and amortization	33,679	30,363
Impairment loss	1,010	1,625
Amortization of goodwill	10,995	10,329
Equity in losses (earnings) of affiliates	(328)	65
Decrease (increase) in retirement benefits assets	(6,890)	1,135
Increase (decrease) in retirement benefit liabilities	(220)	(215)
Increase (decrease) in allowance for doubtful accounts	(22)	14
Increase (decrease) in provision for directors' bonuses	28	32
Interest and dividend income	(942)	(932)
Interest expense	1,395	1,254
Foreign exchange losses (gains)	4,321	(4,483)
Structural reform-related expenses	222	797
Gain on sales of property, plant and equipment	(4,917)	(692)
Loss on disposal of property, plant and equipment	895	1,160
Loss (gain) on sales of investment securities	(793)	(559)
Subsidy income	(1,783)	—
Gain on adjustment of accounts payable	—	(2,030)
Settlement package	1,656	—
Loss on liquidation of subsidiaries	102	597
Restructuring loss	—	5,607
Loss on liquidation of businesses	—	974
Decrease (increase) in notes and accounts receivable – trade	(3,138)	1,317
Decrease (increase) in inventories	398	(1,241)
Increase (decrease) in notes and accounts payable - trade	(1,492)	(801)
Other, net	5,583	(2,242)
Subtotal	116,679	106,121
Interest and dividend income received	1,751	1,165
Interest expenses paid	(1,445)	(1,282)
Income taxes paid	(36,451)	(31,001)
Payments for structural reform-related expenses	(409)	(382)
Subsidy income received	1,783	—
Payments for loss on liquidation of subsidiaries	(83)	(565)
Payments for restructuring loss	(1,390)	(515)
Payments for loss on liquidation of businesses	(132)	(179)
Payments for information system failure	—	(250)
Net cash provided by (used in) operating activities	80,303	73,110
Net Cash Provided by (used in) Investing Activities		
Payments for time deposits	(1,766)	(1,201)
Proceeds from withdrawal of time deposits	1,796	1,505
Purchase of property, plant and equipment	(28,209)	(37,342)
Proceeds from sales of property, plant and equipment	5,135	1,168
Purchase of intangible assets	(4,703)	(3,683)
Purchase of investment securities	(3,505)	(429)
Proceeds from sales of investment securities	10,802	1,434
Collection of lease deposits	39	459
Payments for acquisition of businesses	—	(54)
Other, net	(3,082)	(2,276)
Net cash provided by (used in) investing activities	(23,495)	(40,421)
Net Cash Provided by (used in) Financing Activities		
Proceed from short-term debt	—	257
Repayments of short-term debt	(298)	(202)
Proceeds from long-term debt	—	3,018
Repayments of long-term debt	(5,416)	(4,963)
Proceeds from issuance of bonds with subscription rights to share	—	100,250
Redemption of bonds	—	(40,000)
Proceeds from share issuance to non-controlling interests	181	—
Repayments of financial lease obligations	(197)	(214)
Purchase of treasury stock	(61,004)	(3,010)
Cash dividends paid	(13,200)	(11,012)
Net cash provided by (used in) financing activities	(79,936)	44,121
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(6,606)	7,353
Net Increase in Cash and Cash Equivalents	(29,734)	84,164
Cash and Cash Equivalents at Beginning of the Year	176,662	92,498
Cash and Cash Equivalents at End of the Year	¥ 146,927	¥ 176,662

Global Network

(As of April 1, 2016)

Japan

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

Americas

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

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

Europe, Middle East and Africa

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

Greater China

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

Asia

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



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