



Annual Report 2014



The Terumo Group introduced its new corporate logo in August 2014.

The new logo captures our vision of standing at the beginning of a new stage, determined to build on our record of important accomplishments even as we preserve the value and trust we have built to date.

The curved line extending from left to right symbolizes that we are “rising to the challenge of innovation” in order to provide new value to medical frontlines. Its red color signifies the lives of patients and the passion of Terumo’s associates*. Its shape—calling to mind the arc of the earth—articulates speed and action on a global scale. The green lettering spelling “TERUMO” represents the value we have created this point.

Under our new logo, Terumo associates across the globe will work in concert to ensure that we are living up to our corporate mission of “Contributing to Society through Healthcare.”

* At Terumo, employees are called “associates” to emphasize a partnership and collaborative working.

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Editorial Policy

This report 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. As illustrations of the attitude Terumo brings to fulfilling its corporate mission, special sections provide concrete accounts of interventional therapy that reduces the burden on patients, and of conditions surrounding blood transfusions in emerging countries. The brochure presents mainly information on business performance, while our website offers details on our environmental and social contribution initiatives.

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 2013 (April 1, 2013 to March 31, 2014). However, some of the 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 it 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.



© Courtesy of the Kitasato Institute archives

Terumo Corporation was founded in 1921 by several scientists and doctors, including Dr. Shibusaburo 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.



Getting Patients with Cardiovascular Disease Back to Daily Life as Quickly as Possible

"I was able to get back to daily life in only a week. I go to work, I drive, and now I can go for walks, too."

Josias lives in a suburb of São Paulo, Brazil. A routine physical exam in December 2013 found one of his coronary arteries to be blocked by cholesterol and other substances that were preventing sufficient blood flow. In March 2014, Josias underwent an interventional procedure, in which a thin tube, called an interventional device, was used to open up the blocked artery from the inside and restore normal blood flow. Afterward Josias received a positive prognosis.

In the type of therapy Josias received,

interventional devices are inserted into a blood vessel at the wrist and maneuvered to the heart. Then a long, thin balloon and a metallic tubular mesh structure called a stent are used to open up the blocked blood vessel from the inside. Because it involves much less blood loss than does the traditional approach of inserting an interventional device at the groin, and can even be performed on an outpatient basis, this therapy approach is gaining popularity throughout the world. To promote the use of therapies that place less physical burden on the patient, Terumo is offering products and training programs for use in locations across the globe.

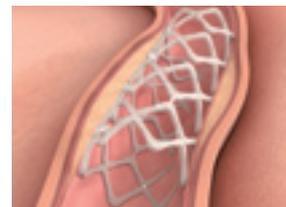
Terumo Taking on Innovation

Pioneering Technology to Raise Therapeutic Efficacy

The stent used to treat Josias is called a drug-eluting stent (DES) and it has been coated with a drug for preventing a blood vessel from narrowing once again after an intervention procedure has been performed. Terumo is working to develop new methods for applying drugs to stents, creating stents with better properties, and extending the boundaries of DES technology in other ways as well. Some of our latest developments are incorporated in a new DES introduced to the European market in June 2014. Meanwhile, in ongoing development, we are focusing on the commercialization of a new generation of stent — a bioresorbable scaffold — that will be resorbed inside the body.



Drug is gradually released and takes effect



New generation of stent that will be resorbed inside the body

From a Medical Professional

Terumo's technology clearly stands out in the market. Patients on whom I have used Terumo's drug-eluting coronary stents display favorable clinical results.

One could say that Terumo's continuous investment in its own research and development is contributing greatly to the delivery of therapy that provides better outcomes with lower physical stress for patients.



Prof. Dr. Expedito E. Ribeiro
Associate Professor of Cardiology of
The University of São Paulo - Brazil
Director of Interventional Cardiology
of Totalcor Hospital - SP



Systems that Enhance Safety for Medical Professionals Handling Anticancer Drugs

In cancer chemotherapy, anticancer drugs are used to suppress the proliferation of cancer cells. Anticancer drugs, however, not only destroy cancer cells, they also have side effects that damage normal cells and can cause serious health problems. These include leukemia and infertility in healthy people, and congenital birth defects. It has been pointed out that these health risks are a particular concern for the pharmacists and nurses who prepare anticancer drugs and administer them to patients as a normal part of their work. In the U.S. and Europe, the risks associated

with accidental exposure to anticancer drugs have been well-known for some time and strict measures are taken to mitigate them. Such measures, however, have yet to be sufficiently implemented in Japan.

Terumo began selling a closed infusion system that enables the safe handling of anticancer drugs in Japan and Asia in 2010 and 2013 respectively. This system employs various innovations to reduce spraying, splashing, and leaking during the handling of anticancer drugs.

Terumo Taking on Innovation

Training Healthcare Professionals on Anticancer Drug Exposure Prevention

Terumo conducts practical training to inform medical professionals about the health risks that can arise from the spraying, splashing, or leaking of anticancer drugs, and to provide instruction in mitigation measures. Developing a shared awareness of these measures among all medical professionals involved in the treatment of cancer is recognized as not only enhancing safety for those handling anticancer drugs, but also resulting in better care for patients.

The Ministry of Health, Labour and Welfare's May 2014 notification to prefectural governments on safety measures for handling anticancer drugs is expected to boost awareness of this important topic in cancer treatment settings in Japan.



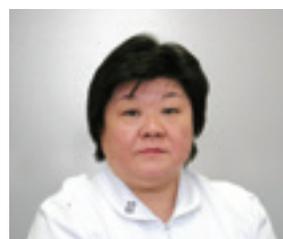
Training exercise using a fluorescent dye to simulate spraying, splashing, and leaking of an anticancer drug



Closed infusion system focusing on safety in each step of the preparation and administration of anticancer drugs

From a Medical Professional

Terumo's anticancer drug infusion system has various innovations that reduce spray and splash—risks nurses previously had to be very careful about in preparing and administering anticancer drugs. If oncology nurses were to become ill from handling anticancer drugs, there would be negative impacts on patient care and significant damage to the operations of the hospital where they work. Considering the health and safety of individual medical personnel, therefore, ultimately protects patients and hospitals alike.



Sachiko Tachibana

Vice President, Head of Nursing
University of Fukui Hospital



Providing Safer Blood Products to Patients in Developing Nations

In Africa, blood products used for transfusions often contain residual white blood cells and pathogens such as viruses and bacteria. For example, in Ghana, 10 to 15% of whole blood products are contaminated by bacteria and 50% contain malaria (plasmodium) parasites. For Africa as a whole, the WHO estimates that 5 to 10% of new HIV infections are due to unsafe blood. At a global level, the World Health Organization (WHO) believes that better blood safety strategies could prevent 160,000 new cases of HIV annually. While testing for pathogens in Africa is prevalent, existing testing methods are not always adequate to detect bacteria and viruses that are in a dormant

period at the time of blood collection. In recent years, Terumo has focused on understanding how its own Pathogen reduction technology (PRT) system* could be used to improve the safety of blood products in developing nations. Terumo's PRT system uses ultraviolet light and riboflavin (vitamin B2), a naturally occurring substance, to reduce the pathogen load of viruses (e.g. HIV), bacteria and parasites (e.g. Malaria) and inactivate residual white blood cells. This system is already being used in several developed countries to process platelets and plasma products.

* Terumo's PRT system is in conformance with the Medical Device Directive and is available in select markets. However, Terumo's PRT system is not for sale in the U.S.

Terumo Taking on Innovation

Reduce Pathogen Loads of Blood Products to Make Them Safe for Patients

Terumo has embarked on a clinical trial in Ghana to support the future implementation of PRT for whole blood transfusions. We believe our PRT system will prove to be a valuable resource for patients in developing nations.



Terumo's Pathogen Reduction Technology (PRT) system

From a Medical Professional

This clinical trial will provide evidence that may greatly advance the provision of safe blood in Ghana and other developing countries. If Terumo's PRT system is shown to be effective, it could significantly improve the safety of whole blood for maternal hemorrhage, malarial anemia, and many more clinical conditions. I am hopeful that Terumo's PRT system can minimize the residual risk for high-prevalence infections and pathogens, such as malaria, for which no universal screening currently exists.



Dr. Shirley Owusu-Ofori
Transfusion Medicine Specialist
and Head of Transfusion Medicine
Unit at Komfo Anokye Teaching
Hospital

Our Continuing Contribution to Globalized Healthcare

Terumo was established in 1921 to improve the public health by making high-quality thermometers. Today, that motivation lives on in our corporate mission of “Contributing to Society through Healthcare.” The globalization of healthcare is driving major changes in the way we contribute. We will continue our quest to deliver new value to patients and healthcare professionals throughout the world.



Yutaro Shintaku

President and Representative Director

Recap of Fiscal 2013

In fiscal 2013, factors including the health insurance reform in the U.S. and fiscal austerity in Europe perpetuated the downward pressure on healthcare expenditure in developed countries. At the same time, the ongoing growth in demand for medical services in emerging countries was blunted by growing pressure to keep prices down.

Difficult as conditions were, however, Terumo has continued to grow by contributing to greater safety and efficiency in medical services, and providing therapies that improve medical cost efficiency and reduce burden of patients.

The Cardiac & Vascular Business, for example, introduced new products of interventional therapy for which application expand from the coronary to both the brain and lower extremities, and while laying the groundwork for the launch of new coronary intervention products in early fiscal 2014. Looking to a future of technologies with reduced stress on blood vessels, it also acquired an exclusive acquisition right in a French venture company developing such products.

For its part, the General Hospital Business introduced a range of new products, including enhancements to its offerings for safely administering drugs, systems equipped with data communications functions to prevent medical accidents, and devices that improve efficiency in medical settings.

The Blood Management Business globally expanded its systems to efficiently process blood preparations and broadened the application of therapeutic apheresis by strengthening R&D. It also moved ahead with plans to create a more robust production system through measures such as the establishment of a new factory in Vietnam.

As a result of the activities discussed above, we recorded fiscal 2013 net sales of 467.4 billion yen, up 16% year on year, and operating income of 65.3 billion yen, up 23% year on year. The challenges we faced include delays in both ramping up manufacturing and cost reduction for some new products, and the continuation of investments to improve our quality management system at the overseas factories.

Fiscal 2014 Agenda: Accelerating Growth and Boosting Profitability

With the revision of reimbursement prices in Japan, and additional outlays for quality management system improvements, fiscal 2014 will be particularly challenging on the profit front. Our response will be to effect a swift course correction aimed at achieving high growth and profitability through the initiatives discussed below.

1. Change Operation with Globalized “Business-led Management”

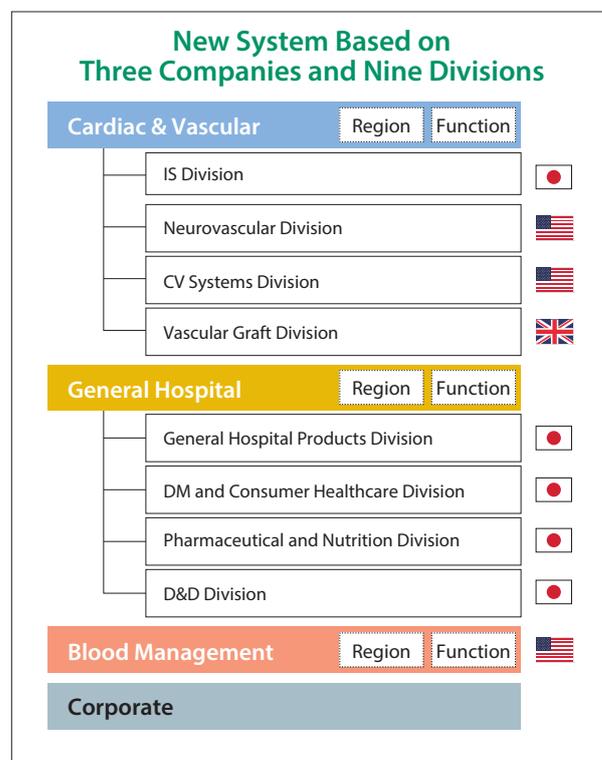
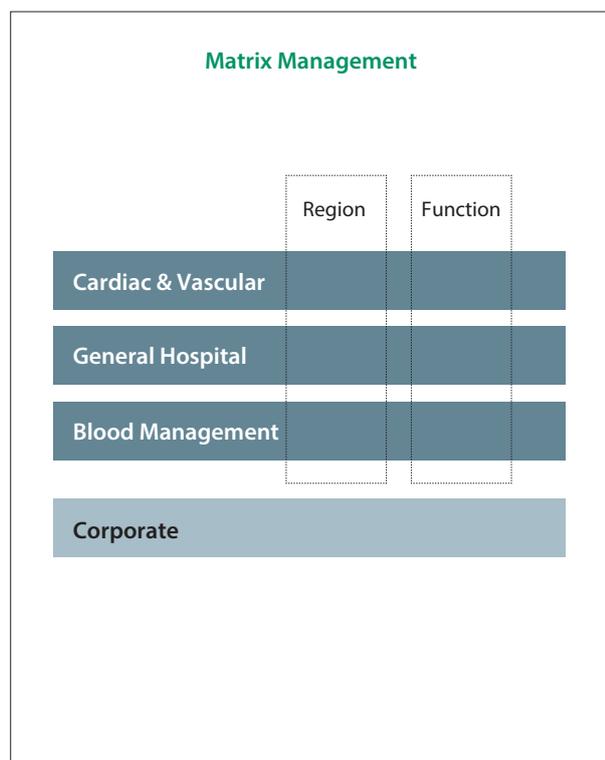
Until now, we have employed a matrix-style management approach with business segments along the vertical axis and functions and regions on the horizontal. In April 2014, however, we adopted a globalized business-led management organized around three core companies — the Cardiac & Vascular Company, the General Hospital Company, and the Blood Management Company — and nine divisions below them. Having each company manage sales, R&D, and production functions will clarify profit responsibility and speed decision making.

In addition, global management will be a key underlying theme. Divisions' headquarters have already been located in the places that make the most sense for pursuing R&D, production, marketing, and other strategies globally.

In the Cardiac & Vascular Company, for example, the Interventional Systems (IS) Division — in charge of products for interventional therapies for the coronary (heart) and lower extremities — is based in Japan, while the Neurovascular Division is led by the U.S. subsidiary, MicroVention, Inc. The CV Systems Division, overseeing activities in the field of cardiac surgery, is headed by another U.S. subsidiary, Terumo Cardiovascular Systems Corp.; and the Vascular Graft Division, which handles artificial vascular grafts used in surgical therapies, is led by the U.K. subsidiary, Vascutek Ltd.

The General Hospital Company will continue to be based in Japan, while the Blood Management Company's operations will be pursued through Terumo BCT, Inc., also a U.S. subsidiary.

New Globalized Business-led Management



Our corporate head office, meanwhile, will develop and implement portfolio strategies from a corporate-wide perspective and enhance corporate functions by putting in place infrastructure to support the global business activities of the three core companies.

2. Accelerate Shift to Higher-Margin Products

Through our new business-led management approach, we aim to increase the value we add, by strengthening our position in each company's area of specialty, and boost profit by revising production systems. Furthermore, through measures aimed at strengthening and increasing the efficiency of corporate functions at our corporate head office, we aim to accelerate the improvement in our profitability.

At a more specific level, the Cardiac & Vascular Company is

aiming to achieve its growth with profit margin targets through development and sales of new products, and the transfer of production to locations outside Japan. These activities will be centered mainly in the IS Division, which recently (June 2014) released the new drug-eluting stent (DES) "Ultimaster" in the European market, and the Neurovascular Division, which is focusing on new neurovascular intervention devices.

Expanding the highly profitable DM and Consumer Healthcare Division and D&D Division will be the primary focus for the General Hospital Company, which will also set about rebuilding and reducing costs in businesses where profits have suffered. It has established the Business Structural Improvement Office to do this and will also move ahead with plans to transfer production to places outside Japan.

The Blood Management Company will expand its business

in therapeutic apheresis and cell therapy, which promise future market expansion, and shift production of some products including blood bags to Asia to further reduce cost.

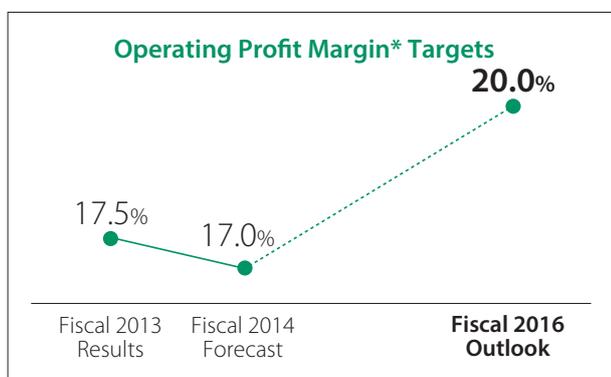
Meanwhile, the corporate head office will work to revamp logistics and lower procurement costs through its newly established Procurement Dept.

3. Write off Assets of Certain Business

The General Hospital Company's Pharmaceutical and Nutrition Division and the Cardiac & Vascular Company's CV Systems Division both recorded extraordinary losses for the previous fiscal year. In the current fiscal year, we will again take inventory of our businesses and facilities as a step for boosting corporate value over the long term and preparing for growth.

We will also push ahead with the development of major new products for the future and continue our search for M&A opportunities.

In this sense, fiscal 2014 is a year for securing our foothold for taking decisive steps that will lead to future growth. As a near-term goal, we have committed ourselves to achieving an operating margin of 20% (excluding goodwill amortization, etc.) for fiscal 2016.



* Operating profit margin before amortization of goodwill and other intangibles

As for shareholder returns, we aim to pay dividends that steadily increase, reflecting factors such as our performance and future investment plans. Our goal for the medium-to-long term call for a dividend payout ratio of 30%.

Global CSR Initiatives

In furtherance of our corporate mission of "Contributing to Society through Healthcare," we will advance communication that promotes even greater trust and understanding from all of our stakeholders, from customers to shareholders, employees, suppliers, and local communities, as we pursue social and environmental initiatives through our business activities.

In our CSR activities, we will strengthen our Group's legal compliance system and quality management system in production settings; formulate the Terumo Global EHS (Environmental, Health, and Safety) Policy; and take other actions as well that emphasize a global outlook.

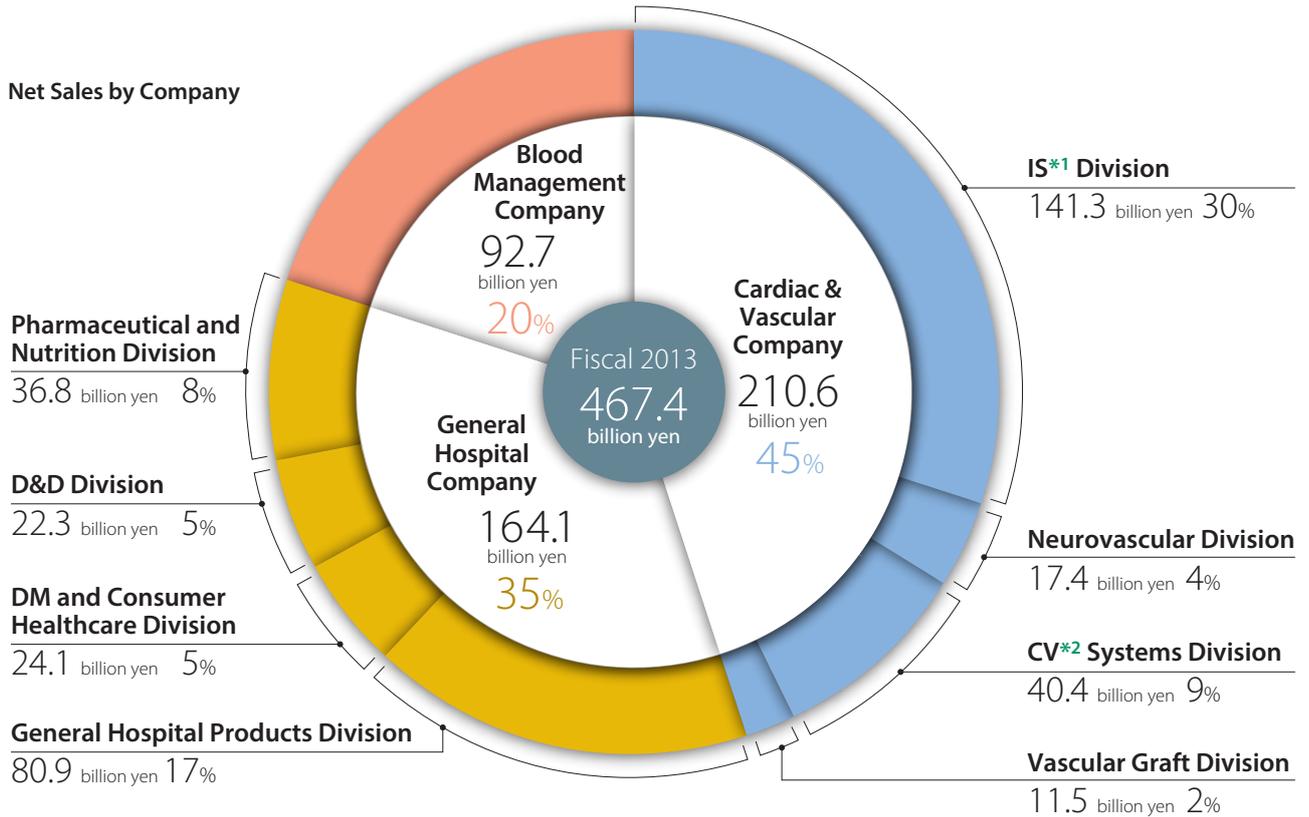
Our long-term objective for the Terumo Group is to become a company with a global presence. Realizing that the key to doing that is people, we are working to foster a corporate culture that recognizes a diversity of viewpoints and promotes the development of people who, with the spirit of challenge and new ideas, can be the sources of innovation contributing to the betterment of healthcare.

The directions in which we are moving and the steps we are taking to achieve our objectives are described in detail in this annual report. Drawing on all of our capabilities, we aim to achieve sustainable and profitable growth, and further contribute to global healthcare. Your continuous support will be greatly appreciated as we move forward.

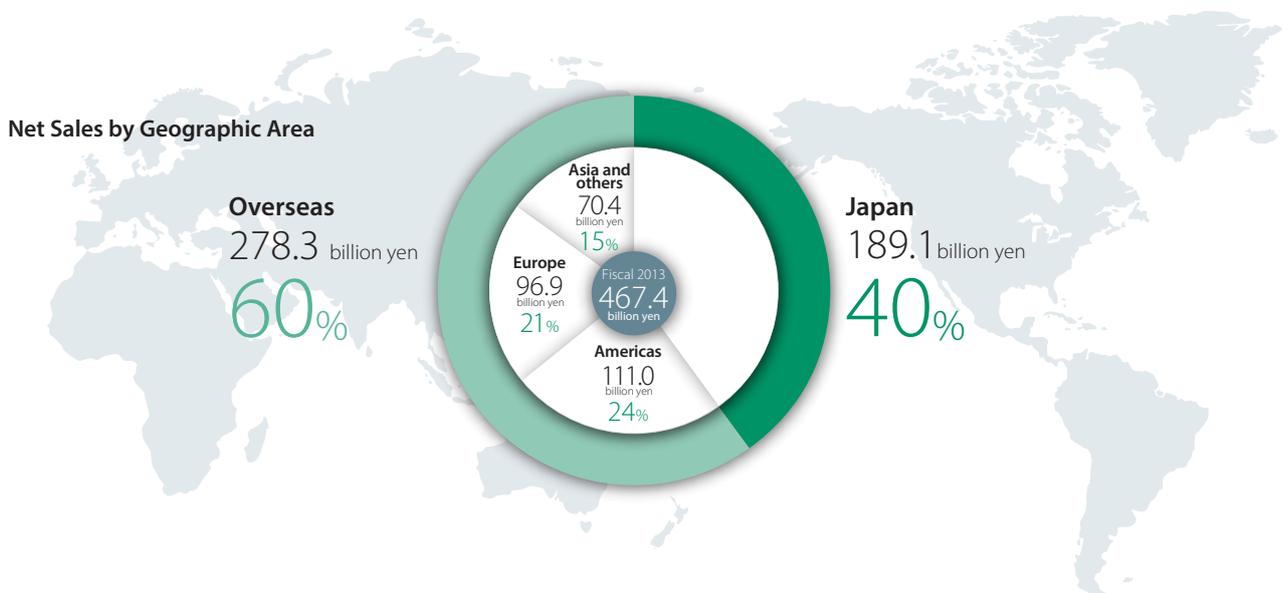
Yutaro Shintaku
President and Representative Director

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

Terumo is “contributing to society through healthcare” by pursuing business activities 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 usage of devices, and propose systems for responding comprehensively to the needs of medical settings.



*1 Interventional Systems
*2 Cardiovascular Systems



Cardiac & Vascular Company

The Cardiac & Vascular Company strives to make interventional procedures and surgery for treating heart and other types of vascular diseases less burden on patients

When cholesterol and other substances build up on the inside walls of blood vessels due to causes including lifestyle diseases, they can eventually result in heart attacks or angina. These can be treated by using an intervention device to open up a blocked blood vessel from the inside, in what is known as coronary intervention, or surgically opening up the chest and using a section of blood vessel from another part of the body, or an artificial blood vessel, to go around the location of the blockage—bypass surgery. The Cardiac & Vascular Company strives to reduce burden on patients and improve therapy outcomes. More recently, its endeavors have also come to include treatment of vascular diseases of the brain and lower extremities.



General Hospital Company

The General Hospital Company contributes to higher quality in medicine at large by providing medical devices and pharmaceuticals in systems designed to improve safety and convenience

Medical treatment settings have diversified and now extend from hospitals to patients' homes. Medical devices and pharmaceuticals, therefore, must incorporate performance and usage design considerations tailored to the settings in which they will be used. The General Hospital Company offers a series of systems comprising combinations of devices and pharmaceuticals optimized for patients and those providing care. The company provides added value through these systems, both in the form of greater safety in settings where medical treatment is provided and improved efficiency for those performing treatment procedures.



Blood Management Company

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, we are the only company with the unique combination of apheresis collections, manual and automated whole blood processing, and pathogen reduction. 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 & Vascular Company

Through vigorous R&D and strategic alliances, we are creating valuable solutions and solidifying our presence in global markets

Shinjiro Sato
President, Cardiac & Vascular Company



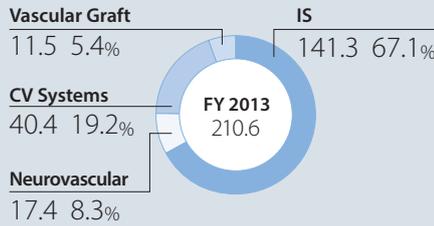
FY 2013 Results

Net Sales: 210.6 billion yen

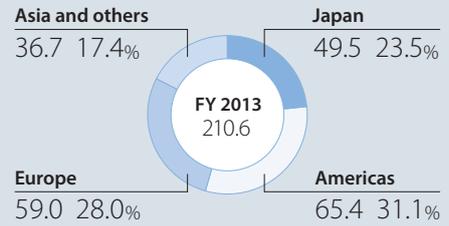
Operating Income: 43.9 billion yen

Operating Profit Margin: 21%

Net Sales by Business (Billion yen)



Net Sales by Region (Billion yen)



Fiscal 2013 Results

Sales Growth Led by the IS Business

With strong performances in the growth-driving IS and Neurovascular Divisions, the Cardiac & Vascular Company posted a 24.1% year-on-year increase in net sales, to 210.6 billion yen.

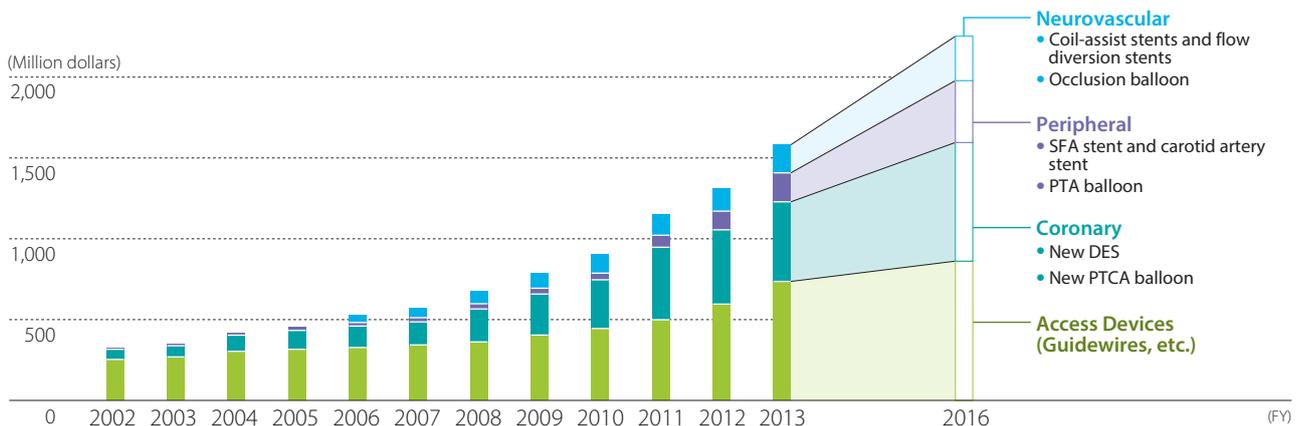
In Japan, the Misago peripheral stent, the Hiryu Plus balloon catheter for coronary intervention, and other new therapeutic devices led a 7% increase in sales.

Outside of Japan, strong sales growth in the U.S. and Europe and emerging markets combined with positive exchange rate impacts to produce a 30% increase in sales. There was notably strong growth in both the IS and Neurovascular Divisions. The IS Division benefitted mainly from the growing popularity of TRI (Transradial intervention—

interventional therapy performed by entering a blood vessel in the wrist), which Terumo is strongly promoting. The Neurovascular Division achieved double-digit sales growth with the addition of the Scepter occlusion balloon catheter, the FRED flow diversion stent, and other new products, along with its mainstay coils for treating cerebral aneurysm.

Turning to profit, ongoing investments by the CV Systems Division to improve the Ann Arbor plant's quality management system into line with U.S. Food and Drug Administration (FDA) standards weighed heavily on profits. Nevertheless, the IS Division—a key profit center—recorded significantly higher profits as a result of sales growth and strict cost control. This was despite a global price decline that negatively affected business conditions. With the addition of positive exchange rate impacts to the IS Division's strong performance, the

Growth Forecasts for the IS and Neurovascular Divisions



Cardiac & Vascular Company booked an overall 51% increase in profits, to 43.9 billion yen, with a margin of 21%.

Key Fiscal 2013 Initiatives

Strengthening Core Businesses while Pursuing Strategic Alliances

Fiscal 2013 was a year of significant progress in implementing growth strategies, particularly for the IS Division. Drug-eluting stents (DESs) comprise the largest segment of the interventional device market. They are also a key product for the IS Division, which entered the market with the Nobori stent and is now working on the Ultimaster stent as its next product. Another step forward was taken in fiscal 2013 toward developing the latter when it was granted a CE Mark, enabling commencement of European sales in fiscal 2014.

Looking further into the future, Terumo joined in the development of a new type of stent—a drug-eluting bioresorbable scaffold that, as its name implies, will be resorbed inside the body, eventually leaving no foreign substances. In more specific terms, we entered into a joint development agreement in which our proprietary coating technology will be used on a new bioresorbable scaffold under development by Arterial Remodeling Technologies S.A. (ART) of France. As part of the agreement, we also obtained exclusive acquisition rights for ART.

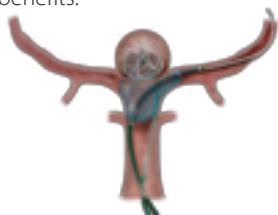
Another area in which medium-to long-term growth is expected is endovascular intervention. There, we signed a joint development agreement with Kaneka Corporation of Japan. In a related move, we also entered into a cooperation agreement with FMD Co., Ltd., another Japanese company, to facilitate access to the market for therapeutic guidewires. Both of these agreements are expected to open the door to a broad range of products and are a significant step toward achieving a competitive advantage in the field of endovascular intervention.

Fiscal 2013 was also year of important progress for our global production strategy. In the first of two important actions, we moved forward with a strategic shift of interventional devices manufacturing to our expanded Vietnam factory, lightening the burden on our mainstay Ashitaka Factory and improving our cost competitiveness.

In the second, we expanded production capacity at our factory in Costa Rica, which opened in fiscal 2012 to manufacture products for our high-growth Neurovascular Division. This enhanced the capability to meet expanding global demand and provide cost benefits.



Drug-eluting coronary artery stent, "Ultimaster"



Occlusion balloon, "Scepter"

Strategy Going Forward

Pursuing Sustainable and Profitable Growth by Building Global Capacity

Our first priority in pursuing sustainable and profitable growth is to develop business in key growth fields. In the area of coronary intervention, our new Ultimaster DES was launched in June 2014 in Europe and parts of Asia. The result of innovative design, the Ultimaster offers exceptional deliverability and, with its conformability contributes long-term clinical outcomes with little burden on the surrounding blood vessel. Heading toward the scheduled start of Japan sales in fiscal 2016, the Ultimaster will be the subject of marketing efforts that reflect our expectations for significant earnings.

In the Neurovascular Division, global expansion of stent and balloon products launched in fiscal 2013 will be followed by a series of market introductions for new products currently under development. Taking place over several years, these introductions will be aimed at maintaining high growth.

The next priority will be to undertake sweeping reforms to improve profitability. The improvement of profitability through cost management is more important under global trend of price pressure. A far-reaching improvement project to achieve competitiveness in global market is already moving forward at the IS Division's mainstay Ashitaka Factory.

Third on our list of priorities is the strengthening of quality management systems in production. As the percentage of sales volume in the U.S. market rises on a global basis, it is becoming more and more important for quality management systems to comply with the latest FDA standards. At the CV Systems Division's Ann Arbor factory, this has meant radical improvements in response to FDA findings, and we are hopeful that these efforts will pay off in fiscal 2014.

The fourth priority is evolution to a global management approach. The Cardiac & Vascular Company consists of four divisions, each of which has global headquarters functions and is responsible for not only operations but also financial performance. With markets outside of Japan accounting for roughly 80% of its sales, the Cardiac & Vascular Company is already operating under conditions in which its business competitiveness is determined by the efficiency of global operations. It is therefore currently working to globally strengthen the company's supply chain management.

The Cardiac & Vascular Company strives to remain abreast of global trend of the cutting-edge medical devices and provide solutions offering new value. It will continue investing in internal development, while also actively pursuing M&A and strategic alliance opportunities, in order to extend its competitive advantage going forward.

Cardiac & Vascular Company

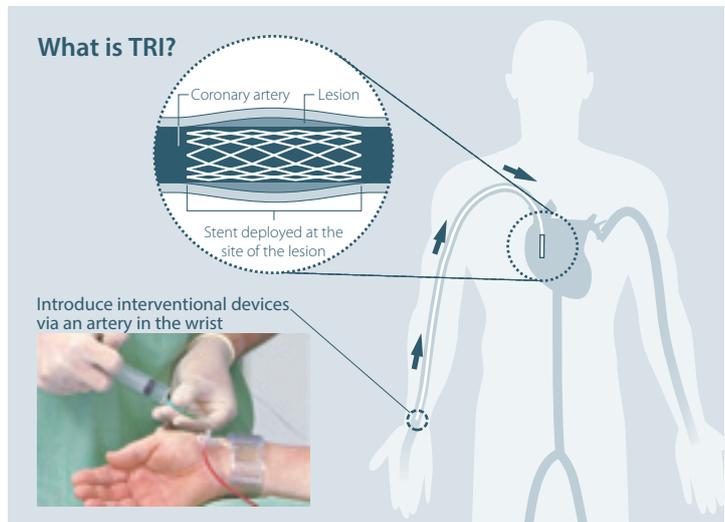
The Cardiac & Vascular Company contributes to cutting-edge treatments including cardiac and vascular surgery, and interventional procedures performed inside blood vessels

Pursuing Therapies that Minimize Physical Burden on Patients

Interventional Therapy Performed from a Blood Vessel in the Wrist (TRI)

To further reduce physical burden on patients when performing interventional therapies, an increasing number of practitioners have in recent years adopted an approach that gains blood vessel access at the wrist, rather than the groin.

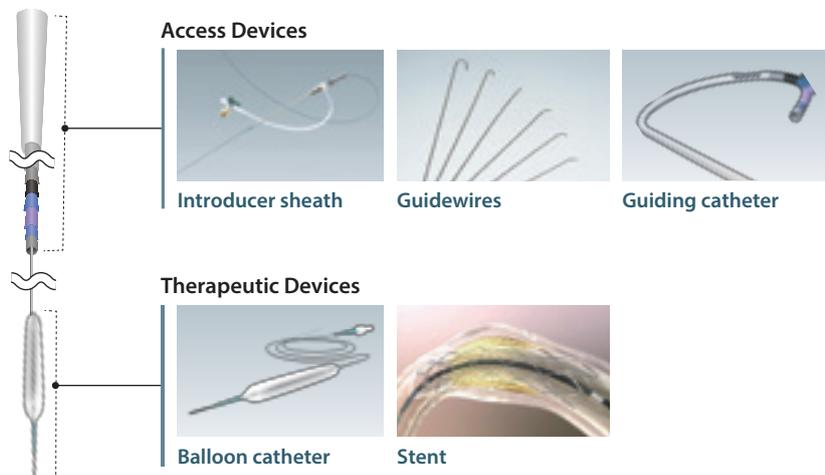
Terumo offers devices and training specialized for this approach.



Providing Comprehensive Solutions for Every Step from Blood Vessel Access to Treatment

Types of Interventional Devices

Combined with an access device that enables blood vessel access and guides to the lesion, therapeutic devices are delivered as a system.



Intravascular Imaging Systems

Intravascular Imaging Systems are used to confirm intravascular conditions before and after the use of a therapeutic device.

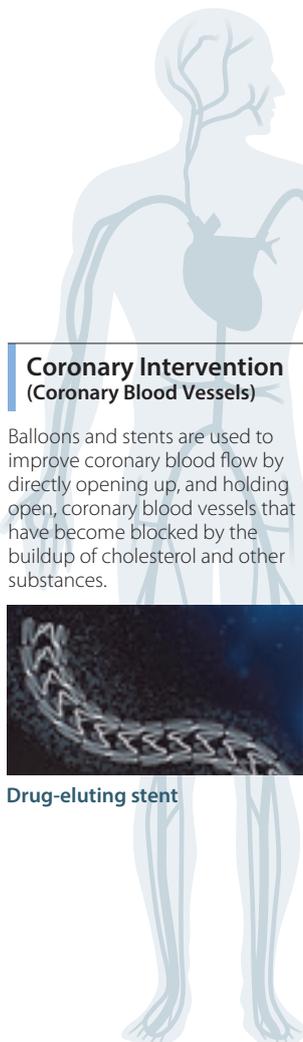




Optimizing Cardiovascular Surgery

Applying Interventional Techniques Approaches to Perform Therapies for the Entire Body

The Cardiac & Vascular Company uses technologies for coronary intervention to expand its line of products for performing neurovascular intervention therapies and peripheral intervention for the lower extremities.



Neurovascular Intervention (Cerebral Blood Vessels)

Coils made of platinum and stents are used to prevent cerebral aneurysms from rupturing and causing subarachnoid hemorrhages.



Coil used to treat cerebral aneurysm

Coronary Intervention (Coronary Blood Vessels)

Balloons and stents are used to improve coronary blood flow by directly opening up, and holding open, coronary blood vessels that have become blocked by the buildup of cholesterol and other substances.



Drug-eluting stent

Peripheral Intervention (Peripheral Blood Vessels)

Balloons and stents are used to restore blood flow in peripheral (e.g. leg) blood vessels that have become blocked.

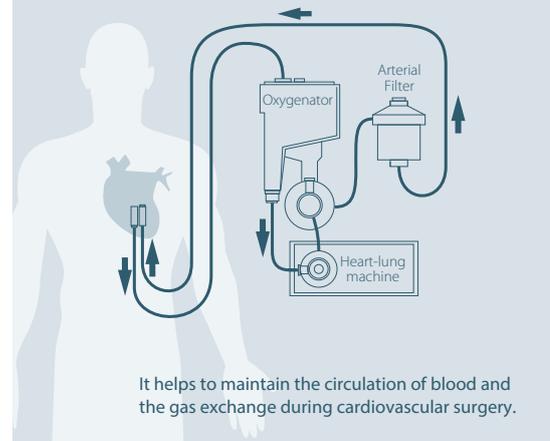


Peripheral Stent

Cardiopulmonary Bypass System

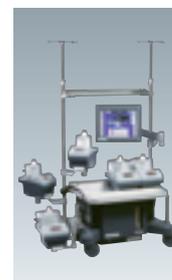
The Cardiac & Vascular Company provides artificial vascular grafts used in cardiovascular surgery, and systems that temporarily perform the functions of the heart and lungs during cardiovascular surgery procedures. By improving the performance of these devices, we are helping to make surgery less physically stressful for patients.

What is a cardiopulmonary bypass system?



Oxygenator with integrated arterial filter

Temporarily substitutes for the lungs to oxygenate blood.



Heart-lung machine

Temporarily substitutes for the heart to circulate blood.



Artificial thoracic vascular graft

Used to replace the disease portion of blood vessels.



General Hospital Company

Enhancing our line of high-value added products to improve safety and efficiency in medical settings, and to improve profitability

Hiroshi Matsumura
President, General Hospital Company

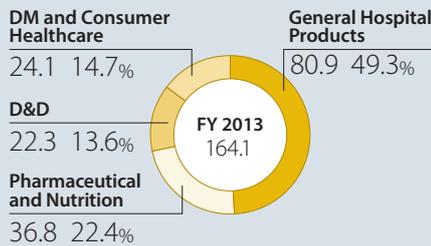
FY 2013 Results

Net Sales: 164.1 billion yen

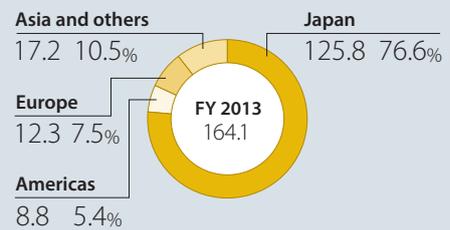
Operating Income: 20.8 billion yen

Operating Profit Margin: 13%

Net Sales by Business (Billion yen)



Net Sales by Business (Billion yen)



Fiscal 2013 Results

Earnings Structure Improvement a Key Issue

In fiscal 2013, sales increases in the General Hospital Company's D&D (Drug & Device) Division, which provides prefilled syringes (pharmaceuticals) and other products with added value enhanced through combinations of drugs and medical devices, and the DM (Diabetes Management) and Consumer Healthcare Division, helped to boost overall net sales 5.9% year on year, to 164.1 billion yen.

Earnings, however, declined. The causes for this unfortunate development were sales impacts from delays in getting new products off the ground in the mainstay General Hospital Products Division, which is developing business around its infusion products, and the effects of lower productivity at overseas factories. The operating margin (operating income before amortization and depreciation, divided by net sales) declined from 15% a year ago, to 13%,

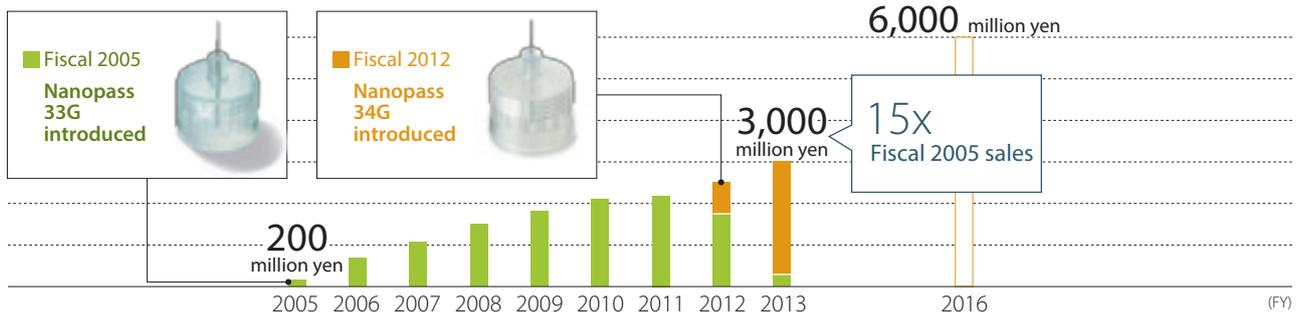
making improvement of the earnings structure a key issue going forward.

Key Fiscal 2013 Initiatives

Advancing Area Strategies for Diversifying Market Needs

With mounting pressure to control medical expenses in developed countries, medical device manufacturers must now focus on providing products that not only deliver performance and quality but also contribute to healthcare economics. In Japan, which accounts for over half of the General Hospital Company's net sales, these needs are growing amid an expanding market for elder-care products and services that contribute to long-term care medicine. In contrast, emerging markets are improving their medical infrastructures and generating growing demand for medical devices in general. Responding to such diversifying needs, the General Hospital

Nanopass Sales | Cumulative Nanopass sales surpass 1 billion units



Company is putting forth strategies tailored to the characteristics of individual markets to achieve greater earnings-yielding business performance.

Turning to a review of the main fiscal 2013 developments in each of our businesses in Japan, the core General Hospital Products Division introduced new infusion and syringe pump products with data communications functions.

Sales of prefilled syringes performed steadily both as products sold directly to hospitals and those sold through partnerships with pharmaceutical companies. Together with its pharmaceutical company partners, Terumo is developing prefilled syringes optimized for ease of use, safety in administration, stable storage, and delivery without impacting on the quality, taking the characteristics of the drug and the usage into consideration as specified by customers.

The DM and Consumer Healthcare Division recorded higher sales of its blood glucose monitors and pain-minimizing Nanopass 34G insulin injection needles.

Meanwhile, in the areas of cancer treatment and postoperative pain management, the D&D Division launched “Acelio Intravenous Injection 1000mg” — the first intravenous injectable acetaminophen antipyretic analgesic to enter the Japanese market — and is working to expand its business. Until now, acetaminophen has been available in Japan only as an oral medication or as a suppository (for children only). For palliative care, however, it was concluded that acetaminophen in an infusible form was necessary and Terumo was asked by the Ministry of Health, Labour and Welfare to develop such a product. Now, there are expectations that this new intravenous injectable acetaminophen will permit appropriate pain management also when oral administration and suppositories are not practical for postoperative care or use by cancer patients.

In overseas operations, low-return businesses in Europe and North America were reviewed as part of a business portfolio restructuring, while the General Hospital Products Division, with its infusion pumps and intravenous needles, led sales increases in Asia, and, Central and South America.

Regarding capital expenditures, production lines for prefilled syringes at the Fujinomiya Factory were expanded and investments were made to boost production of glucose monitoring related products at the Kofu Factory. Other investments were made in the building and production facilities at the new Yamaguchi Factory, where work is proceeding toward operational startup. Overseas, investments were made to expand production of syringes at the factory in the Philippines to achieve lower costs while maintaining quality.



SURFLO V3 IV catheter

Strategy Going Forward

Focusing on Improving Profitability and Expanding Offerings of High-Value-Added Products

The General Hospital Company will work to reduce production costs for its mainstay products and transform itself into a high-value-added business centered on medical safety. To steadily implement this strategy, the company will adopt a management approach that integrates development, production, and sales, and emphasizes speed of execution.

As the initial step, the company has established the Business Structural Improvement Office to restore profitability in the mainstay General Hospital Products and Pharmaceutical and Nutrition divisions. With regard to the General Hospital Products Division in particular, transfers of production to factories in China, the Philippines, and other Asian locations will be expanded to emphasize both quality and profitability.

As growth strategy, the General Hospital Company is enhancing its offerings of new product groups in fields requiring high-value-added products. In the mainstay General Hospital Products Division, it is currently working to boost productivity and expand sales for the SURFLO V3 IV catheter for infusion therapy with safety features, the SURPLUG AD series of closed infusion systems, infusion and syringe pumps with data communications functions that help to ensure correct drug administration, along with other new value-added products that contribute to efficiency and accident prevention in medical settings. These products are being offered not as individual components but as systems that bring greater overall safety and convenience to medical settings and reduce costs.

Efforts are being made to expand adoption of Chemoshield anticancer drug administration systems, which reduce the risk that oncology nurses will come into direct exposure with anticancer drugs. In the Pharmaceutical and Nutrition Division, attention is being focused on strengthening the nutrition business, which includes the new Mermed semi-solid food product for cases in which gastro-esophageal reflux is a concern, and the Terumeal series of calorie-dense food products for oral consumption.

The D&D (Drug & Device) Division is in a growing markets segment and working to develop its business by continuing to expand domestic market share for proprietary products and accelerating global strategic alliances. In the area of pain management, its growth efforts are focused on the “Acelio Intravenous Injection 1000mg” acetaminophen product discussed above.

The DM and Consumer Healthcare Division, also a growth driver, is striving to boost market shares for the HR Joint line of glucose, body temperature, blood pressure and other monitors equipped with data communications functions. At the same time, it is working to achieve greater adoption of Nanopass 34G needles.

General Hospital Company

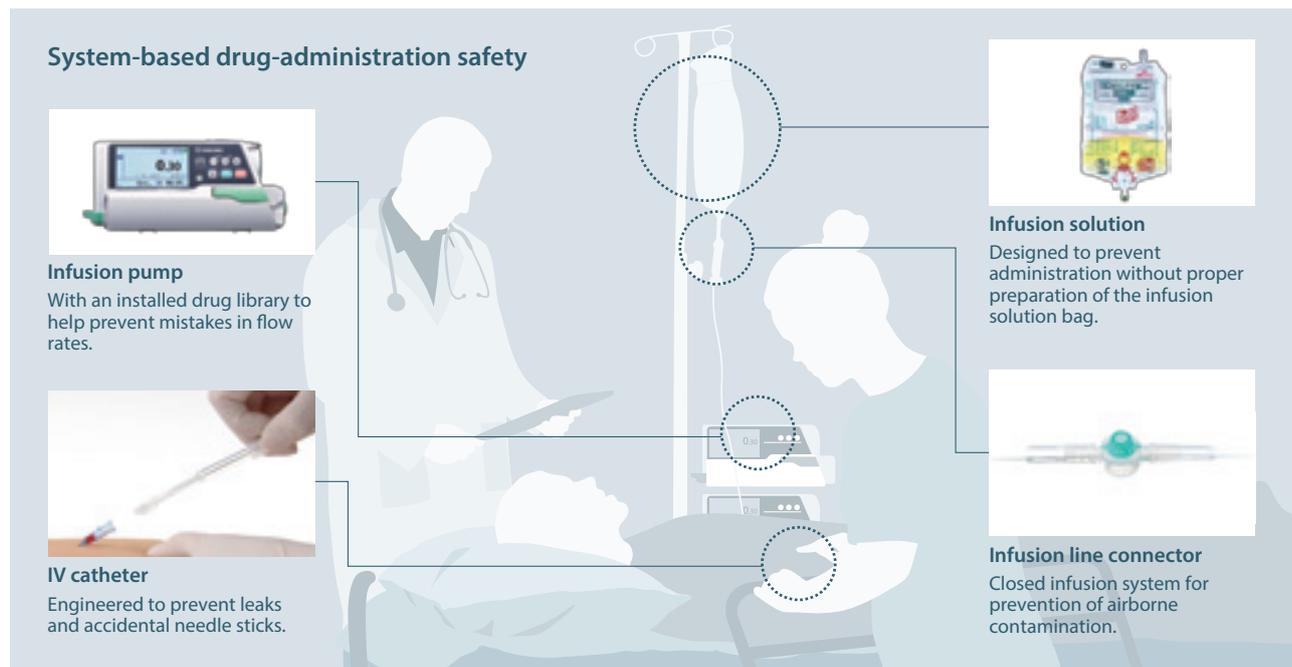
The General Hospital Company strives to improve safety and ease of use in therapy devices used in hospitals and in homes

Enhancing the Safety of Drug Administration

Infusion Systems

Infusion systems are used throughout hospitals from wards to intensive care units. Terumo develops infusion systems that offer greater safety by helping to ensure use of the right drugs, in the right amounts, and by reducing risks of airborne contamination and accidental needle sticks.

System-based drug-administration safety



Infusion pump
With an installed drug library to help prevent mistakes in flow rates.

IV catheter
Engineered to prevent leaks and accidental needle sticks.

Infusion solution
Designed to prevent administration without proper preparation of the infusion solution bag.

Infusion line connector
Closed infusion system for prevention of airborne contamination.

Drug & Device (D&D)

Combining drugs and medical device technologies, the General Hospital Company provides products that enable the safe handling of multiple drugs even in emergency medical settings.



Prefilled syringes
Prefilling syringes with drugs enhances safety in the administration of drugs.



Prefillable syringe
Terumo custom develops syringes to suit the characteristics of biopharmaceuticals and other drugs they will be used to administer.



Bringing Greater Efficiency to Daily Care

Nutritional Supplements

The General Hospital Company provides products optimized in terms of nutritional content, form, and palatability for people with special nutritional needs arising from hospitalization, advanced age, or other factors. Designed to simplify preparation, these products also consider the needs of caregivers.



Condensed liquid meal (Semi-solid)

Formulated with viscosity and water content levels for addressing gastroesophageal reflux and hydration needs.

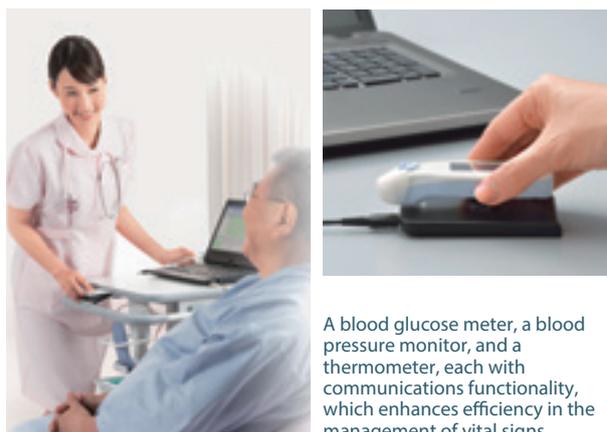


Condensed liquid meal (For oral intake)

This product comes in a variety of flavors making it appropriate for use as an entrée or other type of meal item.

Measuring Devices System with Communications Functions

This system centrally manages patient data required for daily treatment, contributing to efficient nursing care and risk management.



A blood glucose meter, a blood pressure monitor, and a thermometer, each with communications functionality, which enhances efficiency in the management of vital signs.

Giving Peace of Mind to People Battling Cancer

Pain Management

The General Hospital Company provides medications for supporting the treatment of cancer patients.



Analgesic

Antiemetic

Terumo offers a line of pharmaceuticals consisting of various analgesics, including opioids, that can be administered in dosages adjusted to individual pain levels; antiemetics to suppress nausea during the administration of anticancer drugs; in addition to other products. Offering a wide assortment of drugs, from original to generic, we also help to lighten drug costs for patients.

Closed Anticancer Drug Infusion System

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



Anticancer drug infusion system

This system mitigates the risk of direct exposure to anticancer drugs at every step from drug preparation to administration.



Blood Management Company

A global leader with a proven financial track record and history of driving customer value and enhancing patient outcomes

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

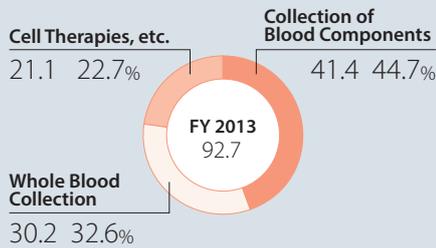
FY 2013 Results

Net Sales: 92.7 billion yen

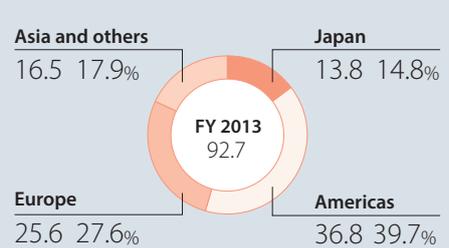
Operating Income: 18.6 billion yen

Operating Profit Margin: 20%

Net Sales by Business (Billion yen)



Net Sales by Business (Billion yen)



Unlocking the Potential of Blood

Terumo BCT is a global leader in the blood banking, transfusion medicine and cellular therapies industry. We have a strong history of innovation, quality and service combined with a steadfast commitment to our 5,000 associates, our stakeholders, customers in over 120 countries and the patients we ultimately serve.

components in developed markets due to patient blood management initiatives, the slower pace of regulatory approvals, healthcare cost containment initiatives and other powerful market forces—we continued to grow and strengthen our business.

We are proud to announce that our business grew at a rate that outpaced our competitors. We increased sales at 24.1% year-on-year to 92.7 billion yen, increased at more than twice the rate of our sales growth and increased cash flow.

Fiscal 2013 Results

Increased Sales and Profit Even under Challenging Environment

For fiscal 2013, we set ambitious goals and worked hard to achieve them. Even with the many challenges facing the healthcare industry—including reduced demand for blood

Fiscal 2013 Key Strategies

- We focused on protecting and extending our market share in developed markets, while expanding our presence in developing markets, achieving strong growth in Africa, Asia, Eastern Europe, Latin America and the Middle East.

Blood Management Company Net Sales* | Sustained, profitable growth over the long term



* Net sales for fiscal 2010 and earlier are the totals for the pre-merger sales of Terumo Transfusion and CardianBCT. Actual foreign exchange rates were used for past years, while a projected rate was used for fiscal 2014.

- We leveraged our product portfolio—the most comprehensive in the industry—and diversified through strategic alliances and the launch of several new products from our innovation pipeline. Customers in both developed and developing countries are starting to invest in our newly introduced whole blood automation and pathogen reduction technologies. We also grew our therapeutic apheresis and cell processing businesses worldwide.
- We continued to strengthen our manufacturing capabilities, increasing our production capacity, controlling costs and providing excellent service to customers worldwide.

Strategy Going Forward

Looking Forward: Strong, Growing and Profitable

While sales growth will be challenging given the difficult market dynamics, our organization is poised to grow faster than both the overall market and our competitors. Our established strategies for long-term, sustainable, profitable growth have proven successful in the marketplace and we remain committed to them. We will continue to listen to our customers and deliver products that meet their needs and the needs of the blood donors and patients they serve.

Market Share: Protect, Extend and Expand

We will continue to protect and extend our market share in developed markets such as Japan, North America and Western Europe, while expanding our presence in developing markets such as Eastern Europe, Latin America, the Middle East and Southeast Asia. This tiered approach helps to offset decreasing demand for blood created by patient blood management initiatives in developed areas with the opportunity for sustainable, profitable growth in developing regions.

We will work to increase the adoption and accessibility of therapeutic apheresis in the areas of neurology, nephrology, hematology and immunotherapy, where our technologies offer promise for a wide range of diseases. We will also continue to drive global adoption of our whole blood automation, pathogen reduction and cell processing technologies.

Our well-established, global infrastructure provides a foundation for business development activities that will further



Headquarters in the U.S. state of Colorado

expand our product portfolio. One example is our new agreement with Therakos Inc. to serve as their exclusive distributor in Australia, New Zealand and six Latin American countries.

Innovation: Leverage Our Comprehensive Portfolio and Innovation Pipeline

Our company was built through listening to and collaborating with our global customers in research, product development and innovation. These practices helped pave the way for next-generation applications and future innovations.

For fiscal 2014, our innovation and development budget will increase by approximately 18%.^{*} In addition to increasing our investment in innovation, we have taken measures to improve our processes, driving faster time-to-market and better aligning new and next-generation technologies with market trends.

Global Manufacturing: Strategic and Strong

Within our industry, we are uniquely positioned to deliver exceptional service to customers across the globe. We will continue to implement a comprehensive global manufacturing strategy, with several key expansions designed to increase production, enhance business continuity and lower costs. With a new FDA-certified facility opening in Vietnam and expansions in the U.S., India and Northern Ireland underway, our ability to manage our cost of goods, productivity and efficiency has never been stronger.

Diversification: Support and Expand

With our three established core businesses—blood centers, therapeutic apheresis and cell processing—our company brings a wide range of solutions to the market and we will continue to focus on supporting these areas. We are optimistic for rapid growth in the area of cell processing, based on the clinical progress to validate the use of cell therapies to treat complex, difficult and widely prevalent diseases like cancer, heart disease and diabetes.

While these are challenging times for the global economy, it is also an exciting era for our organization. As the potential of blood is virtually unlimited, so too is the potential of Terumo BCT.

^{*} Foreign exchange rate neutral



Vietnam factory completed in July 2014

Blood Management Company

We offer systems for the high-quality, efficient collection and processing of donated blood on a global basis. Furthermore, by expanding applications for our apheresis system, which employs outstanding centrifugal separation technology, we are providing patients with new options for treating various blood diseases

Enabling High-Quality, Safe Transfusions

Who needs blood transfusions?

People with diseases that prevent the body from making enough blood

Diseases in which patients become deficient in blood components because of diminished bone marrow function are treated with transfusions of blood components.

People who have experienced a significant loss of blood

Whole-blood transfusions are performed for many types of surgeries and to treat victims of serious accidents.

People with diseases that prevent the production of healthy blood

Diseases such as leukemia and thrombasthenia, in which there are abnormalities in the production of blood components, are treated with blood therapies.

Component Collection



Automated blood collection system

This device allows blood centers to safely and efficiently collect needed blood components. It uses a single needle for repeated draw and return phases, and isolates the main blood components with continuous centrifugal separation technology, making it possible to collect platelets and plasma, and return red blood cells.

Whole Blood Collection

Contributes to transfusion medicine with safe, efficient and high-quality collection and processing of donor blood.



Blood bag system with leukocyte reduction filter



Automated blood component processing system



Pathogen Reduction Technology

By inactivating pathogens and residual white blood cells that evade detection in blood products, this technology contributes to greater safety in blood transfusions. (Not available for sale in Japan.)



Pathogen reduction technology system

Providing New Options for Treating Intractable Diseases

Blood Therapies

Our therapeutic apheresis technology enables a broad range of customizable procedures, including therapeutic exchanges and depletions, performed with a high-level of automation that doesn't sacrifice the flexibility and control operators need to achieve procedure outcomes.

Our systems also enable adaptable cell collections and cell therapy with high yields and transplantation doses, as well as cell processing technologies for monocyte enrichment and versatile cell washing and concentration.



Therapeutic apheresis system

Cell Expansion

Our functionally closed, hollow-fiber bioreactor technology streamlines cell expansion through a reproducible, scalable, automated process. Specifically designed to address the space challenges and labor demands associated with cell therapy development, our system also reduces the contamination risks associated with manual expansion.



Cell expansion system

The above are primary, but not all, products in the business field at the basis of the entire Terumo Group. Please note that product availability may differ by region.

Five-Year Financial Summary (Consolidated)

Terumo Corporation and its Consolidated Subsidiaries
Fiscal years ended on March 31

Fiscal Year	Million yen				
	FY 2009 (Ended March 2010)	FY 2010 ^(Note 3) (Ended March 2011)	FY 2011 (Ended March 2012)	FY 2012 (Ended March 2013)	FY 2013 (Ended March 2014)
Net sales	¥316,009	¥328,214	¥386,686	¥402,294	¥467,360
Operating income	63,282	62,607	63,049	53,216	65,289
Income before taxes and minority interests	63,406	51,560	49,650	52,285	52,908
Net income	40,722	32,339	24,167	47,014	34,096
Net cash provided by (used in) operating activities	67,352	46,829	56,200	50,270	96,260
Net cash provided by (used in) investing Activities	(25,273)	(18,989)	(247,182)	(31,294)	(52,745)
Free cash flow	42,079	27,840	(190,982)	18,976	43,515
Net cash provided by (used in) financing Activities	(11,488)	(26,417)	182,982	(22,340)	(31,786)
Research and development expenses	17,528	20,356	24,322	27,129	30,130
Capital expenditure	18,440	21,562	21,132	25,715	39,933
Depreciation and amortization (Note 1)	19,909	20,392	28,835	32,554	39,881

Per Share Indicators (Note 2)	Yen				
Earnings per share (EPS)	¥107.22	¥85.15	¥63.64	¥123.80	¥89.78
Dividends	32.00	34.00	39.00	44.00	58.00
Book value per share (BPS)	834.47	882.66	927.62	1,152.21	1,306.72

Fiscal Year	Million yen				
Current assets	¥230,432	¥236,511	¥256,868	¥286,955	¥310,986
Current liabilities	99,732	78,846	157,998	115,844	160,937
Working capital	130,700	157,665	98,870	171,111	150,049
Total assets	425,508	420,038	692,520	771,032	832,814
Net assets	317,140	335,457	352,537	437,909	496,245
Capital	38,716	38,716	38,716	38,716	38,716

Management Indicators					
ROE	13.7%	9.9%	7.0%	11.9%	7.3%
ROA	10.1%	7.6%	4.3%	6.4%	4.3%
Shareholders' equity ratio (%)	74.5%	79.8%	50.9%	56.7%	59.6%
Shares outstanding as of the end of the fiscal year (thousands)	189,895	189,881	189,879	189,878	189,875
Employees as of the end of the fiscal year	13,740	14,761	18,112	18,893	19,263

Notes) 1. Including amortization of goodwill.

2. A 2-for-1 stock split was carried out for Terumo common shares, effective April 1, 2014. For information purposes, figures for net income per share and net assets per share have been adjusted to reflect what they would have been had the stock split had been carried out at the beginning of fiscal 2009.

3. The fiscal year ends of five Asian consolidated subsidiaries were changed to March 31 from December 31. As a result, fiscal 2010 for these companies lasted a total of 15 months, starting on January 1, 2010 and ending on March 31, 2011. The change in fiscal year ends had the effect of increasing net sales by 1,923 million yen, operating income by 970 million yen, ordinary income by 916 million yen, and net income by 685 million yen for fiscal 2010.

Net Sales and Income

Net Sales

Compared to the previous fiscal year, net sales increased 16.2% to 467.4 billion yen.

Of this amount, net sales in Japan came to 189.1 billion yen, up 1.7% year-on-year, reflecting ongoing sales growth of blood glucose monitoring systems at the General Hospital Company, as well as improved results for the Misago peripheral stent and a new percutaneous transluminal coronary angioplasty (PTCA) dilation catheter in the Cardiac & Vascular Company's IS Business, and increased sales of automated blood component collection systems and blood bags in the Blood Management Company. Outside Japan, net sales jumped 28.6% to 278.3 billion yen year-on-year, driven by increased sales of automated blood component collection systems and business expansion in emerging countries for the Blood Management Company, and a strong performance by the IS Business, particularly in the Americas.

Gross Profit

Gross profit totaled 242.0 billion yen, an increase of 17.7% compared to the previous fiscal year. Improved profits due to the depreciating yen and expanded lineups of highly profitable products in the Cardiac & Vascular Company and Blood Management Company offset the delay in ramping up sales of new products in the General Hospital Company, yielding the overall growth.

Operating Income

Operating income jumped 22.7% year-on-year to 65.3 billion yen. Despite increases in R&D expenses and general and administrative expenses (which included investments intended to foster business growth), operating income grew as a result of higher sales and gross profit, and the benefits of the depreciating yen.

Net Income

Net income decreased 27.5% year-on-year to 34.1 billion yen. The decrease was mainly due to impairment loss on noncurrent assets resulting from non-profitable business facilities, despite extraordinary income of 6.0 billion yen from a settlement received.

Net Sales (Japan ■/Overseas ■)



* A change in fiscal year-ends for some consolidated subsidiaries to March 31 (from December 31) in order to unify the fiscal year-end for all consolidated Group members added 1.923 billion yen to overseas net sales for fiscal 2010.

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



* "Goodwill and other intangibles" refers to goodwill and M&A-related intangible assets arising after the acquisition of Cardian BCT (but excludes Reveos-related R&D assets). This definition was set forth in the segment information for the fiscal 2013 earnings report.

Net Income ■/ROE ●



Results by Business Segment

■ Cardiac & Vascular Company

In Japan, the Cardiac & Vascular Company boosted sales by expanding its product ranges in individual therapeutic fields. Examples included Misago peripheral stents and Hiryu Plus PTCA dilation catheters in Interventional Systems. Outside Japan, the IS Business continued to generate strong results as TRI grew in popularity in North America. In the Neurovascular Business, sales of new products such as stents expanded globally.

As a result of these activities, the Cardiac & Vascular Company recorded a 24.1% year-on-year increase in net sales, to 210.6 billion yen.

■ General Hospital Company

In Japan, a delay in ramping up sales of newly released infusion systems-related products had a negative impact on sales and profits, but sales of prefilled syringes and products related to blood glucose monitoring systems continued to grow, driving up overall sales by 1.3% year-on-year. Outside Japan, sales expanded in all countries in Asia. As a result of these factors, net sales in the General Hospital Company rose 5.9% compared to the previous fiscal year, reaching 164.1 billion yen.

■ Blood Management Company

While competition intensified in Japan, sales of products for whole blood collection and of automated blood component collection systems increased, driving up overall sales by 7.3% year-on-year. Outside Japan, patient blood management programs negatively impacted demand in Europe and the United States, but sales of new automated blood component processing systems still managed to expand in Europe, and sales of automated blood component collection systems continued to grow in emerging countries. Owing to these factors, net sales in the Blood Management Company rose 24.1% year-on-year to 92.7 billion yen.

Fiscal 2013 Net Sales by Business Segment

■ Cardiac & Vascular Company

(Billion yen)

	IS	Neuro-vascular	CV Systems	Vascular Graft	Total
Japan	36.2	2.0	9.2	2.1	49.5
Americas	37.0	5.4	21.3	1.7	65.4
Europe	41.1	5.4	5.6	6.9	59.0
Asia and others	27.0	4.6	4.3	0.8	36.7
Total	141.3	17.4	40.4	11.5	210.6

■ General Hospital Company

(Billion yen)

	General Hospital Products	Pharmaceutical and Nutrition	D&D	DM and Consumer Healthcare	Total
Japan	50.4	36.8	17.7	20.9	125.8
Americas	7.9	—	0.8	0.1	8.8
Europe	7.8	—	3.7	0.8	12.3
Asia and others	14.8	0.0	0.1	2.3	17.2
Total	80.9	36.8	22.3	24.1	164.1

■ Blood Management Company

(Billion yen)

	Collection of Blood Components	Whole Blood Collection	Cell Therapies, etc.	Total
Japan	6.0	6.9	0.9	13.8
Americas	20.3	5.8	10.7	36.8
Europe	8.7	9.9	7.0	25.6
Asia and others	6.4	7.6	2.5	16.5
Total	41.4	30.2	21.1	92.7

Balance Sheet and Cash Flow Information

Total Assets

Total assets rose by 61.8 billion yen, to 832.8 billion yen. The primary factors behind this increase included acquisitions of property, plants, and equipment, an increase in the market valuation of investment securities, and exchange rate impacts.

Liabilities

Liabilities increased by 3.4 billion yen, to 336.6 billion yen. This change was due primarily to a 15.8 billion yen increase in income taxes payable.

Total Net Assets

Net assets increased by 58.3 billion yen, to 496.2 billion yen. Contributing to this change were a 24.4 billion yen increase in retained earnings, a 3.8 billion yen increase in valuation difference on available-for-sale securities, and foreign exchange impacts.

Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities came to 96.3 billion yen (compared to 50.3 billion yen provided in fiscal 2012). Income before income taxes totaled 52.9 billion yen; depreciation and amortization, 30.3 billion yen; amortization of goodwill, 9.6 billion yen; and income taxes paid, 2.9 billion yen.

Net Cash Provided by (Used in) Investing Activities

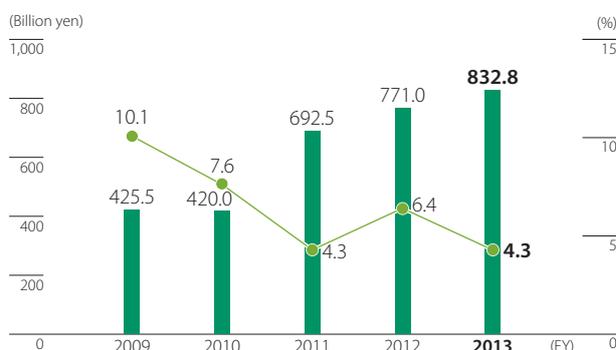
Net cash used in investing activities came to 52.7 billion yen (compared to 31.3 billion yen used in fiscal 2012). Outlays of 39.9 billion yen for property, plant, and equipment were the primary factor contributing to this result.

Net Cash Provided by (Used in) Financing Activities

Net cash used in financing activities came to 31.8 billion yen (compared to 22.3 billion yen used in fiscal 2012). An 18.0 billion yen net decrease in short-term loans payable was the primary factor contributing to this result.

Reflecting the results discussed above, cash and cash equivalents as of the end of the fiscal year increased by 17.3 billion yen from the end of the prior fiscal year, to 92.5 billion yen on a consolidated basis.

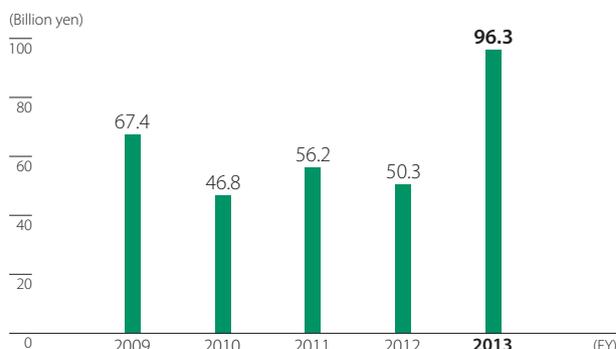
Total Assets ■/ROA ●



Total Net Assets ■/Shareholder's Equity Ratio ●



Net Cash Provided by Operating Activities



Cash Flow

(Billion yen)

	Fiscal 2012	Fiscal 2013	Change
Net cash provided by (used in) operating activities	50.3	96.3	46.0
Net cash provided by (used in) investing activities	(31.3)	(52.7)	(21.4)
Net cash provided by (used in) financing activities	(22.3)	(31.8)	(9.5)
Cash and cash equivalents at year end	75.2	92.5	17.3

R&D Activities

The Cardiac & Vascular Company commenced sales of the Glidesheath Slender sheath for TRI in the United States, along with flow-diverting stents and occlusion balloons for the neurovascular intervention markets in Japan and Europe. The Company also obtained CE mark certification for its Ultimaster drug-eluting stent in February 2014, and began sales in Europe in June 2014.

With the aim of expanding a future product pipeline, the Company secured exclusive acquisition rights for Arterial Remodeling Technologies S.A., a French company developing bioresorbable stents, and has concluded an agreement to pursue joint development and a series of investments. Terumo is also investing in Emergent Medical Partners II L.P., a U.S. venture capital fund, in an effort to gain the latest technological expertise. The Company has transferred a development project to an incubator center, and has started initiatives for achieving rapid commercialization.

As a result of these and other activities, fiscal 2013 R&D expenses came to 30.1 billion yen, 6.4% of net sales.

Cardiac & Vascular Company

This company's R&D work consists of research and development on interventional systems and cv products, led by Terumo's R&D Headquarters and Terumo Cardiovascular Systems Corporation, and research and development on neurovascular products, led by MicroVention, Inc.

The Cardiac & Vascular Company's R&D expenses totaled 16.0 billion yen for the fiscal year.

General Hospital Company

Led by Terumo's R&D Headquarters, research and development work is performed on products such as infusion devices, infusion fluids, prefilled syringes, digital thermometers, and digital blood pressure monitors.

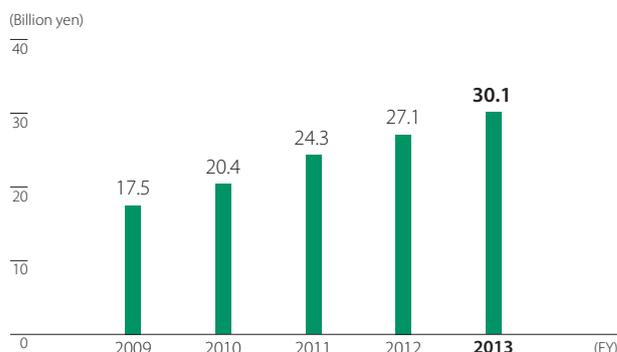
The General Hospital Company's R&D expenses totaled 6.6 billion yen for the fiscal year.

Blood Management Company

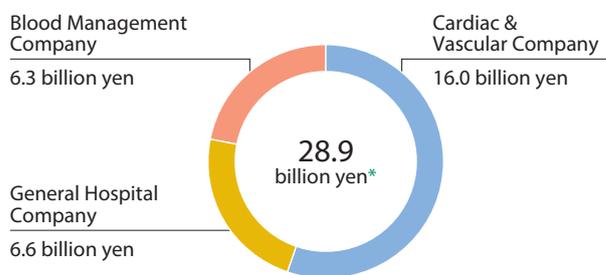
R&D work for this company consists of research and development performed primarily by Terumo's R&D Headquarters and Terumo BCT Holding Corporation on transfusion-related products.

The Blood Management Company's R&D expenses totaled 6.3 billion yen for the fiscal year.

R&D Expenses



R&D Expenses by Business Segment



* Total R&D expenses for fiscal 2013 include 1.2 billion yen for basic research that is being conducted at the R&D Headquarters and cannot be reasonably apportioned to the various companies.

Launch Statuses of Fiscal 2013 Pipeline Products

Field	Product	Region
Peripheral	Stent (Above the knee)	Japan
	Coil assist stent	China
Neurovascular	Flow diversion stent	Europe
	Occlusion balloon	Japan
	New PTCA balloon	Japan
Coronary	OFDI intravascular imaging system	Japan
	Slenderized introducer sheath for TRI	US
	Renal sympathetic denervation system (RSD)	Europe
Ablation	RSD for TRI technique	Europe
	Automated blood component processing system (PRP method)	Europe
Blood Management	Automated blood component processing system (BC method)	Europe
	Data management system (TACSI application)	Europe
	Therapeutic apheresis system (Bone marrow and stem cell application)	Japan
	Needless system	Japan
Infusion systems	Safety IV catheter	US, Asia
	Smart pump (infusion and syringe pump)	Europe

Business Risks

The following risk factors could negatively impact Terumo's operating results and financial position.

Changes in Government Healthcare Policies

In the healthcare industry, governments both in Japan and overseas continue to restrain healthcare costs and implement other reforms intended to raise the quality of healthcare. Large and unforeseen changes in government healthcare policy to which Terumo cannot respond could affect the Company's operating results and financial position.

Market Price Fluctuations

As part of its measures to restrain healthcare costs in Japan, the Japanese government enacts biennial revisions to government reimbursements for drugs, medical treatment, and medical equipment covered by the national health insurance scheme. In addition, intense competition and innovations in technology both in Japan and overseas could serve to greatly lower prices and adversely affect the Company's operating results and financial position.

Raw Material Price Fluctuations

Many of the raw materials Terumo uses for product manufacture are plastics and other materials derived from petrochemicals. A steep rise in the price of resources worldwide could increase the price of raw materials and adversely affect the Company's operating results and financial position.

Exchange Rate Fluctuations

Because Terumo's headquarters is located in Japan, all financial accounts of overseas subsidiaries are converted from local currencies into Japanese yen for the preparation of consolidated financial statements and other purposes. Exchange rate fluctuations therefore influence the conversion of those accounts into yen and result in either a gain or a loss for the Company.

We are coping with these fluctuations with structural methods, such as by transferring production to overseas factories and importing raw materials, along with the utilization of contracts to hedge against exchange rate volatility for trade receivables.

However, it is possible that unexpected exchange rate fluctuations could impact the Company's operating results and financial position.

Risks Associated with Overseas Operations

Terumo supplies products to more than 160 countries. It is possible that in the markets Terumo serves, recessions with a resulting contraction in demand, unanticipated political instability, or the sudden imposition of government regulations in those countries could impact the Company's operating results and financial position.

Quality Control

Terumo manufactures its products based on stringent quality control principles that are in accordance with good manufacturing practice (GMP) standards for pharmaceuticals and medical equipment and with the ISO quality management system standards.

However, it is conceivable that the quality of our products could be questioned if complications occur during the use of the products. In addition, even for cases where medical accidents clearly could not be a direct result of the Company's products, we are taking preventive measures and countermeasures to mitigate the possible occurrence of risks to our products in the future. Such occurrences could lead to a decrease in sales or rise in costs, which could affect the Company's operating results and financial position.

Legal Proceedings

Terumo faces the risk of being involved in lawsuits, disputes, and other types of legal proceedings both in Japan and overseas. The Company strives to minimize legal risks through such measures as continuous research efforts on the part of the Legal, Intellectual Property, and other departments and a system of internal checks. Reports on the risk management structure are provided to the Board of Directors and the Audit and Supervisory Board as needed. However, if the Company were sued by a third party for damages or an injunction against sales or any other major legal action were taken, it could affect the Company's operating results and financial position.

Other Risks

Other factors that could impact Terumo's operating results and financial position include changes in trade practices, terrorism, war, natural disasters, epidemics, and the worldwide spread of new strains of influenza.

Consolidated Financial Statements

Consolidated Balance Sheets

Terumo Corporation and its Consolidated Subsidiaries
Fiscal 2013 and Fiscal 2012

Assets	Million yen	
	FY 2013 (March 31, 2014)	FY 2012 (March 31, 2013)
Current Assets:		
Cash and deposits	¥ 95,619	¥ 78,201
Notes and accounts receivable—trade	101,520	95,008
Less: allowance for doubtful accounts	(1,394)	(1,220)
Notes and accounts receivable—trade, net	100,126	93,788
Inventories	93,966	85,180
Deferred tax assets	12,341	11,258
Other current assets	8,934	18,528
Total current assets	310,986	286,955
Property, Plant and Equipment:		
Land	21,758	21,827
Buildings and structures	148,177	136,828
Machinery, equipment and vehicles	209,614	197,713
Lease assets	1,590	1,611
Construction in progress	27,975	17,794
Other equipment and furniture	40,355	38,504
	449,469	414,277
Less: accumulated depreciation	(291,714)	(269,452)
Net property, plant and equipment	157,755	144,825
Investments and Other Assets:		
Investment securities, including investment securities of unconsolidated subsidiaries and affiliates	37,955	30,305
Goodwill	154,161	149,322
Customer relationships	93,969	90,707
Deferred tax assets	5,323	5,154
Retirement benefit assets	2,573	—
Other assets	70,092	63,764
Total investments and other assets	364,073	339,252
Total assets	¥ 832,814	¥ 771,032

Liabilities and Net Assets	Million yen	
	FY 2013 (March 31, 2014)	FY 2012 (March 31, 2013)
Current Liabilities:		
Short-term debt	¥ 260	¥ 18,046
Current portion of long-term debt	4,652	3,762
Current portion of bonds payable	40,000	—
Notes and accounts payable—trade	38,148	37,515
Lease obligations	226	277
Income taxes payable	18,402	2,609
Accrued expenses	30,934	25,802
Asset retirement obligations	—	420
Other current liabilities	28,315	27,413
Total current liabilities	160,937	115,844
Noncurrent Liabilities:		
Bonds payable	40,000	80,000
Long-term debt	76,770	78,712
Lease obligations	299	439
Provision for retirement benefits	—	1,248
Retirement benefit liabilities	3,125	—
Provision for directors' retirement benefits	67	199
Asset retirement obligations	220	156
Deferred tax liabilities	47,796	49,659
Other noncurrent liabilities	7,355	6,866
Total noncurrent liabilities	175,632	217,279
Total liabilities	336,569	333,123
Net Assets:		
Capital stock		
Authorized 840,000,000 shares in FY2013 and FY2012: issued 189,880,260 shares in FY2013 and FY2012:	38,716	38,716
Capital surplus	52,104	52,104
Retained earnings	353,601	329,189
Less: treasury stock, at cost	(24)	(9)
Total shareholders' equity	444,397	420,000
Valuation difference on available-for-sale securities	11,270	7,458
Deferred gains or losses on hedges	(2)	—
Foreign currency translation adjustments	43,377	10,099
Accumulated adjustments for retirement benefit	(2,817)	—
Total accumulated other comprehensive income	51,828	17,557
Stock subscription rights	20	—
Minority interests	—	352
Total net assets	496,245	437,909
Total Liabilities and Net Assets	¥ 832,814	¥ 771,032

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

Terumo Corporation and its Consolidated Subsidiaries
Fiscal 2013 and Fiscal 2012

	Million yen	
	FY 2013 (March 31, 2014)	FY 2012 (March 31, 2013)
Income before Minority Interests	¥ 34,127	¥ 47,067
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	3,811	7,510
Deferred gains or losses on hedges	(2)	(2)
Foreign currency translation adjustments	33,234	39,157
Share of other comprehensive income of associates accounted for using equity method	(3)	3
Total other comprehensive income	37,040	46,668
Comprehensive Income	¥ 71,167	¥ 93,735
Attributable to:		
Shareholders of Terumo Corporation	¥ 71,180	¥ 93,648
Minority interests	(13)	87

Consolidated Statements of Changes in Net Assets

Terumo Corporation and its Consolidated Subsidiaries
Fiscal 2013 and Fiscal 2012

	Thousands	Million yen										
		Shareholders' equity				Accumulated other comprehensive income				Stock subscription rights		Minority interests
Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefit	Stock subscription rights	Minority interests		
Balance at March 31, 2012	189,879	¥ 38,716	¥ 52,104	¥ 290,529	¥ (4)	¥ (52)	¥ 2	¥ (29,023)	—	—	¥ 265	¥ 352,537
Dividends from surplus				(8,354)								(8,354)
Net income				47,014								47,014
Purchase of treasury stock	(1)				(5)							(5)
Net changes of items other than shareholders' equity						7,510	(2)	39,122			87	46,717
Balance at March 31, 2013	189,878	38,716	52,104	329,189	(9)	7,458	—	10,099	—	—	352	437,909
Dividends from surplus				(9,684)								(9,684)
Net income				34,096								34,096
Purchase of treasury stock	(3)				(15)							(15)
Net changes of items other than shareholders' equity						3,812	(2)	33,278	(2,817)	20	(352)	33,939
Balance at March 31, 2014	189,875	¥ 38,716	¥ 52,104	¥ 353,601	¥ (24)	¥ 11,270	¥ (2)	¥ 43,377	¥ (2,817)	¥ 20	—	¥ 496,245

Consolidated Statements of Cash Flows

Terumo Corporation and its Consolidated Subsidiaries
Fiscal 2013 and Fiscal 2012

	Million yen	
	FY 2013 (Ended March 31, 2014)	FY 2012 (Ended March 31, 2013)
Net Cash Provided by (Used in) Operating Activities		
Income before income taxes and minority interests	¥ 52,908	¥ 52,285
Depreciation and amortization	30,322	24,603
Impairment loss	15,351	—
Amortization of goodwill	9,559	7,952
Equity in earnings of affiliates	(133)	(177)
Increase (decrease) in provision for retirement benefits	(1,248)	(535)
Decrease (increase) in retirement benefit assets	(1,900)	—
Increase (decrease) in retirement benefit liabilities	1,506	—
Increase (decrease) in provision for directors' retirement benefits	(132)	(3)
Increase (decrease) in allowance for doubtful accounts	73	(96)
Increase (decrease) in provision for directors' bonuses	1	(18)
Interest and dividends income	(799)	(592)
Interest expense	1,543	1,304
Foreign exchange gains	(3,211)	(2,977)
Gain on transfer of businesses	(667)	(892)
Settlement income	(6,000)	—
Gain on sales of property, plant and equipment	(743)	(78)
Loss on disposal of property, plant and equipment	995	543
Payment of cash contributions to retirement benefit trust	(3,600)	—
Directors' retirement benefits	33	—
Loss on liquidation of businesses	740	—
Loss on information system failure	1,186	—
Loss on valuation of golf club memberships	—	3
Subsidy income	—	(876)
Environmental expenses	—	391
Decrease (increase) in notes and accounts receivable—trade	(507)	986
Decrease (increase) in inventories	(3,619)	(10,590)
Increase (decrease) in notes and accounts payable—trade	(1,096)	3,925
Other, net	4,850	(79)
Subtotal	95,412	75,079
Interest and dividends income received	1,020	842
Interest expenses paid	(1,522)	(1,330)
Income taxes paid	(2,876)	(24,322)
Settlement received	6,000	—
Payments for directors' retirement benefits	(33)	—
Payments for information system failure	(943)	—
Payments for environmental expenses	(798)	—
Subsidy received	—	1
Net cash provided by operating activities	96,260	50,270
Net Cash Provided by (Used in) Investing Activities		
Payments into time deposits	(767)	(561)
Proceeds from withdrawal of time deposits	1,183	2,803
Purchase of property, plant and equipment	(39,933)	(25,715)
Proceeds from sales of property, plant and equipment	953	322
Purchase of intangible assets	(4,961)	(6,759)
Payments for settlement of asset retirement obligations	(420)	(420)
Purchase of investment securities	(1,824)	(1,074)
Payments for acquisition of businesses	(1,828)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(374)	(956)
Purchase of stock of subsidiaries	(1,519)	—
Proceeds from transfer of businesses	1,815	1,373
Other, net	(5,070)	(307)
Net cash used in investing activities	(52,745)	(31,294)
Net Cash Provided by (Used in) Financing Activities		
Proceeds from short-term debt	253	1,264
Repayments of short-term debt	(49)	(1,279)
Repayments of long-term debt	(4,007)	—
Net increase (decrease) in short-term debt	(18,000)	(42,000)
Proceeds from long-term debt	—	28,613
Repayments of finance lease obligations	(284)	(579)
Purchase of treasury stock	(15)	(5)
Cash dividends paid	(9,684)	(8,354)
Net cash used in financing activities	(31,786)	(22,340)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	5,603	4,736
Net Increase in Cash and Cash Equivalents	17,332	1,372
Cash and Cash Equivalents at Beginning of the Year	75,166	73,794
Cash and Cash Equivalents at End of the Year	¥ 92,498	¥ 75,166

Corporate Governance Policy

Basic Stance

In accordance with its corporate mission of “Contributing to Society through Healthcare,” Terumo Corporation responds to the expectations of customers, shareholders, associates*, business partners, communities at large, and other stakeholders worldwide by providing valuable products and services, to achieve sustainable growth and maximize corporate value over the long term.

Terumo has set forth its corporate mission and Five Statements on 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.

Backed by its corporate mission and the Five Statements, Terumo promotes the creation of frameworks for honest and effective corporate governance. Together with a commitment to full accountability for its actions, Terumo strives to continuously earn the understanding and trust of those within and outside of the Company.

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

* At Terumo, employees are called "associates" to emphasize a partnership and collaborative working.

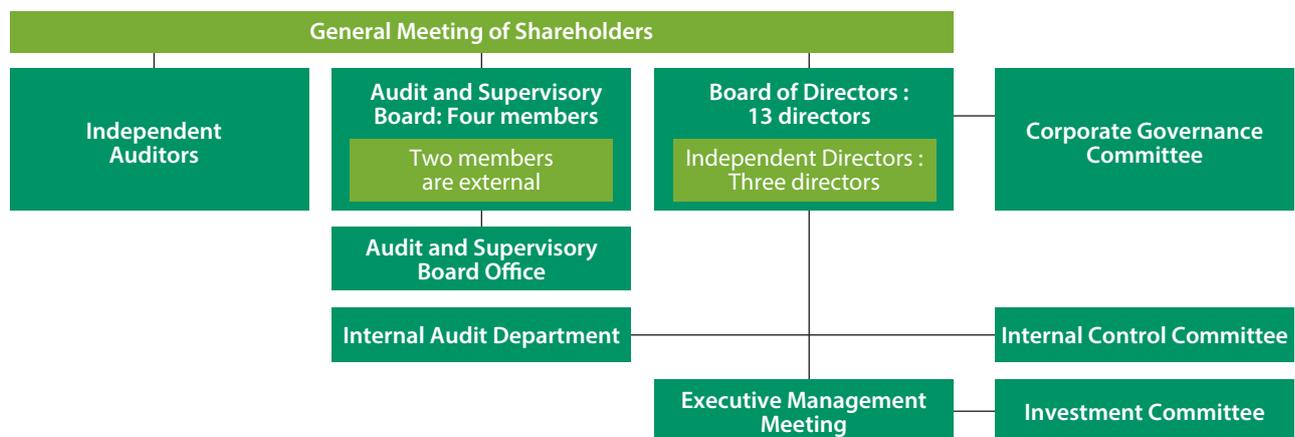
Corporate Governance Structure

Governance at Terumo is based on a “Company with a Board of Company Auditors” system (as defined in Japan’s Companies Act), in which business activities are supervised by the Board of Directors, and the Audit and Supervisory Board is entrusted with the auditing functions.

We have established the Corporate Governance Committee and Internal Control Committee to enhance objectivity and transparency in management decision-making, and strengthen oversight of business activities. Dedicated staff are assigned to support the audit function and strengthen governance in other ways as well. We believe that through these and other steps we can continuously increase our corporate value and maintain a highly transparent governance system for our operations.

Based on the corporate governance policy established by our Board of Directors, the board may have up to 15 directors, 20% or more of whom may be independent directors, and the Audit and Supervisory Board may have up to five members, at least half of whom must be external members. Independent directors and external Audit and Supervisory Board members must meet the Tokyo Stock Exchange’s requirements concerning independent directors and external auditors. “Independent Director/Auditor Notifications of the appointment” have been submitted to the Tokyo Stock Exchange for all independent directors and external members of Audit and Supervisory Board, except

Corporate Governance Structure



one for whom a notification has not been submitted, in accordance with the rules of the firm he serves.

Board of Directors

The Board of Directors presently consists of 13 members, three of whom are independent directors. Two directors (one internal and one independent) are women, and one (internal) is from outside Japan (elected at the 99th Annual General Meeting of Shareholders convened on June 24, 2014). In addition to the legally prescribed bodies detailed above, the Company has established the bodies described below with a view to further enhancing corporate governance.

Corporate Governance Committee and Internal Control Committee

The Company has also established the Corporate Governance Committee and Internal Control Committee as bodies that serve to enhance the transparency and objectivity of management.

Over half of the members of the Corporate Governance Committee are independent directors, and an independent director chairs the committee. The Corporate Governance Committee is an advisory body that deliberates and advises on the selection of candidates for directors, Audit and Supervisory Board members and executive officers, and on remuneration systems for them, Audit and Supervisory Board members, and executive officers. The Internal Control Committee works to enhance corporate governance by promoting risk management and compliance with regard to management, and administering the timely and appropriate disclosure of corporate information.

Audit and Supervisory Board

The Audit and Supervisory Board is comprised of four members, two of whom are external members. It determines what governance practices should be in place, and what practices are in place, and works to ensure propriety in daily management activities, including Board of Directors functions. Audit and Supervisory Board members monitor the performance of duties by directors by, for example, attending Board of Directors, Executive Management and other important meetings, where they may state their fair and impartial opinions on management generally and on particular matters. To enhance the audit function, the Audit

and Supervisory Board Office has been established, and is staffed with full-time personnel, as a support organization for the Audit and Supervisory Board members.

The Audit and Supervisory Board members hold monthly report meetings with the Internal Audit Department to receive reports on internal audits and financial reporting internal controls, and to undertake other activities aimed at ensuring a strong relationship with the Internal Audit Department. The Audit and Supervisory Board members also attend Internal Control Committee meetings and receive regular reports on the establishment, implementation, and evaluation of internal controls.

Regarding their cooperation with the independent auditors, the Audit and Supervisory Board members meet approximately six times annually with the independent auditors, actively sharing views and information, and receive reports on ongoing audits as needed. The Audit and Supervisory Board members also perform other activities, such as receiving reports as needed on financial reporting internal controls, to ensure that systems enabling the performance of fair audits are in place.

Executive Compensation

Compensation for directors other than the independent directors consists of a fixed portion, bonus, and stock options. Compensation for independent directors and Audit and Supervisory Board members consists of only a fixed amount. The process for determining compensation is described in the table below.

Process for Determining Compensation for Directors and Audit and Supervisory Board Members

Category	Determination Process
Fixed Compensation	Within the compensation limit approved at the 66th Annual General Meeting of Shareholders, director compensation is decided by resolution of the Board of Directors, and Audit and Supervisory Board member compensation is decided in an Audit and Supervisory Board meeting.
Bonus	In light of factors such as each year's business results and business environment, bonus amounts are proposed in the Annual General Meeting of Shareholders and then submitted to the Board of Directors for approval.
Stock Options	Decisions on stock options are made by Board of Directors resolutions, within the compensation limit mentioned above.

Compensation for directors and Audit and Supervisory Board members, and related matters, are disclosed within asset securities reports and business reports posted on Terumo Corporation's website.

Standards for payments of fixed compensation, (excluding Audit and Supervisory Board members), bonus, 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.

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 timely and proactive disclosures of information that we believe to be effective in enhancing understanding of our company.

System for Timely Disclosures

In line with our Corporate Governance Policy, we have established the Disclosure Subcommittee to determine how proposed disclosures should be handled. Positioned under the Internal Control Committee, the Disclosure Committee 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

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 promote these honest and fair business practices, Terumo's Board of Directors approved a "Basic Policy on Internal Control Systems." In accordance with this basic policy, we established the "Internal Control Committee" which deliberates and executes important group-wide compliance issues. In addition, based on the directions of the Internal Control Committee, each group company has appointed a "Compliance Officer" whose role is to facilitate and carry out compliance activities at each company. Through these activities, the Internal Control Committee receives and discusses important information to enhance group-wide compliance activities.

Compliance with the Code of Conduct of the Terumo Group

To go further toward meeting 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, which is based on Terumo's corporate mission and "Heart of Terumo," states that "each associate must conduct business activities honestly, take responsible actions for environmental conservation and make consistent efforts to enable the company to become a model and 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 respect human rights and 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” (established in May 2013) 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 fair, transparent, sound 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.

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.

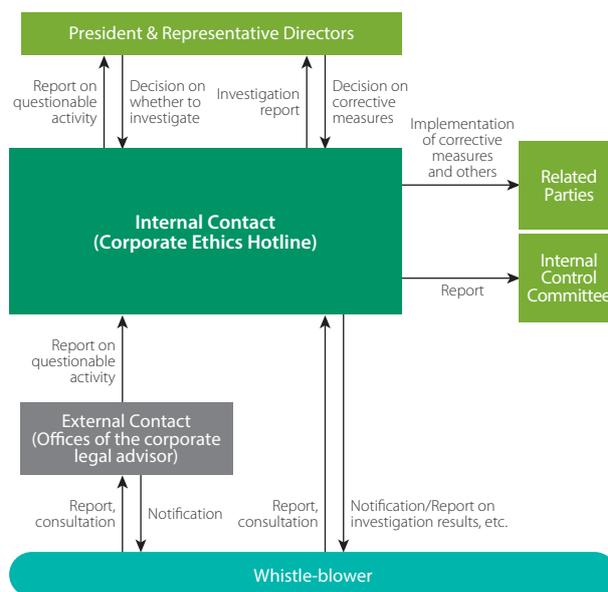
Corporate Ethics Hotline

We established a “Corporate Ethics Hotline” as an internal whistle-blowing system in 2003.

The Corporate Ethics Hotline enables all associates to report or consult on matters or situations they believe are inappropriate in light of the Code of Conduct of the Terumo Group. The system enables associates regardless of their

employment status to contact this hotline by phone, e-mail or written letter on an anonymous basis. At the same time, we maintain an outside point of contact at the office of our corporate attorney. In these and other ways, whistle-blowers are assured their privacy and protection against retaliation as we promote the hotline’s usage and address reported issues.

How the Corporate Ethics Hotline Works



Abiding by Industry Rules

Terumo abides by the Code of Practice, Promotion Code, Fair Competition Code, and other industry-based rules to ensure that it follows appropriate promotion practices for medical devices and pharmaceuticals. To further our efforts to fulfill our social responsibilities and engage in ethical business activities, we have also established the Terumo Code of Practice. Compliance with these industry and internal rules will remain a top priority going forward.

Directors, Audit and Supervisory Board Members and Executives Officers

(As of September 1, 2014)

Directors



Koji Nakao
Chairman and Representative Director



Yutaro Shintaku
President and Representative Director



Hiroshi Matsumura
Director and Executive Vice President
President, General Hospital Company



Takayoshi Mimura
Director and Senior Managing Executive Officer
Regional Representative, China
President and CEO, Terumo (China) Holdings
Co., Ltd.
Terumo Call Center



Akira Oguma
Director and Senior Managing Executive Officer
General Affairs Dept.,
Supply Chain Management Dept.,
IT Planning Dept., Procurement Dept.



Hideo Arase
Director and Senior Executive Officer
Regional Representative, Latin America,
President and CEO, Terumo Americas Holding,
Inc.



Kuniko Shoji
Director and Senior Executive Officer
General Manager, Regulatory Affairs Dept.,
Clinical Development Dept.



Toshiaki Takagi
Director and Senior Executive Officer
Quality Assurance Dept.,
Post-Market Surveillance and Vigilance Dept.,
Environmental Management Dept.



Shinjiro Sato
Director and Senior Executive Officer
President, Cardiac & Vascular Company



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



Tadao Kakizoe
Independent Director
President, Japan Cancer Society



Mari Matsunaga
Independent Director
Representative, Mari Matsunaga Office, Inc.



Ikuo Mori
Independent Director
Advisor, Fuji Heavy Industries Ltd.

Audit and Supervisory Board Members



Kenji Sekine
Audit and Supervisory Board Member
(Full-time)



Yoshiaki Shiraishi
Audit and Supervisory Board Member
(Full-time)



Toshihiko Matsumiya
Audit and Supervisory Board Member
(External)
Certified Public Accountant



Masatake Yone
Audit and Supervisory Board Member
(External)
Lawyer

Executive Officers

Kazuaki Kitabatake

Senior Executive Officer

Regional Representative, India and Asia Pacific
Managing Director, Terumo Asia Holdings Pte., Ltd.
International Business Dept., Investor Relations, Corporate Communication Dept., Legal Dept.

Narushige Toda

Senior Executive Officer

General Manager, Sales Division (Japan), General Hospital Company

Shouji Hatano

Senior Executive Officer

General Manager, Strategic Planning Dept. Design Planning Dept.

Yoshiaki Akaike

Senior Executive Officer

Vice President, General Hospital Company
Vice President, Pharmaceutical and Nutrition Division (Production), General Hospital Company
Vice President, D&D Division (Production), General Hospital Company
Factory Manager, Fujinomiya Pharmaceutical Factory, General Hospital Company
General Manager, Production Dept.

Tsuyoshi Tomita

Senior Executive Officer

Vice President, General Hospital Company
General Manager, Business Structural Improvement Office, General Hospital Company

Mark Sutter

Executive Officer

Division President, CV Systems Division, Cardiac & Vascular Company
President and CEO, Terumo Cardiovascular Systems Corp.

Toru Kubota

Executive Officer

President, Terumo (Philippines) Corp.

Somsak Jarasviriyagul

Executive Officer

Representative Director, Terumo (Thailand) Co., Ltd.

Kyo Nishikawa

Executive Officer

Regional Representative, Eastern Europe, Russia, Middle East and Africa
Managing Director and BOD Chairman, Terumo Europe N.V.

Hiroshi Nakagomi

Executive Officer

General Manager, Quality Assurance Dept.

Masataka Haraguchi

Executive Officer

Branch Manager, Tokyo Branch

Juichi Takeuchi

Executive Officer

Division President, D&D Division (Overseas), General Hospital Company

Minoru Suzuki

Executive Officer

General Manager, IT Planning Dept.

Richard Cappetta

Executive Officer

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

Seiji Kawabata

Executive Officer

Division President, General Hospital Products Division (Japan), General Hospital Company

Maki Takizawa

Executive Officer

Division President, General Hospital Products Division (Overseas), General Hospital Company

Masato Nishimura

Executive Officer

General Manager, Production Technology Center, Production Dept.

Hiraku Murayama

Executive Officer

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

Ryo Nishihata

Executive Officer

General Manager, Treasury Dept. Controller Dept.

Kosuke Matsumoto

Executive Officer

General Manager, Human Resources Dept. Human Resources Development Dept.

Masanori Hoshino

Executive Officer

President, Terumo Clinical Supply K.K.

Hiroshi Nagumo

Executive Officer

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

Jim Rushworth

Executive Officer

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

Hiroaki Kasukawa

Executive Officer

General Manager, R&D Headquarters
Intellectual Property Dept., Terumo Medical Pranex

Yoshihiro Kimura

Executive Officer

General Manager, Internal Audit Dept.

Takanori Shibazaki

Executive Officer

General Manager, Supply Chain Management Dept.

Hikaru Samejima

Executive Officer

Division President, Interventional Systems Division, Cardiac & Vascular Company

Major Consolidated Subsidiaries

(as of September 1, 2014)

Japan

- Terumo Clinical Supply Co., Ltd. (Gifu) ●■
- Terumo Yamaguchi Corp. (Yamaguchi) ●●■
- Terumo Heart, K.K. (Tokyo) ●

Americas

- Terumo Americas Holding, Inc. (U.S.A.) ■
- Terumo Medical Corp. (U.S.A.) ●●■
- Terumo Cardiovascular Systems Corp. (U.S.A.) ●■
- Terumo Latin America Corp. (U.S.A.) ●●
- Terumo Medical de Mexico S.A. de C.V. (Mexico) ●●
- Terumo Panama International Inc. (Panama) ●
- Terumo Medical do Brasil Ltda. (Brasil) ●●
- Terumo Chile Ltda. (Chile) ●●
- Terumo Colombia Andina SAS (Colombia) ●●
- MicroVention, Inc. (U.S.A.) ●■
- Terumo Heart, Inc. (U.S.A.) ●■
- Terumo BCT Holding Corp. (U.S.A.) ■
- Terumo BCT, Inc. (U.S.A.) ●■
- MicroVention Costa Rica, S.R.L. (Costa Rica) ●■
- Onset Medical Corp. (U.S.A.) ●■
- Terumo Mexico Services, S.A. de C.V. (Mexico)

- Cardiac & Vascular Business
- General Hospital Business
- Blood Management Business
- Holding Company
- Factory

Europe

Terumo Europe N.V. (Belgium) ●●■
Terumo (Deutschland) GmbH (Germany) ●●
Laboratoires Terumo France S.A. (France) ●●
Terumo Italia SRL (Italia) ●●
Terumo Europe España SL (Spain) ●●
Terumo Sweden Private AB (Sweden) ●●
Terumo UK Ltd. (United Kingdom) ●●
Vascutek Ltd. (United Kingdom) ●■
Vascutek Deutschland GmbH (Germany) ●
MicroVention UK (United Kingdom) ●
MicroVention Europe (France) ●
MicroVention Deutschland GmbH (Germany) ●
Terumo BCT Europe N.V. (Belgium) ●
Terumo Russia LLC (Russia) ●●
Terumo BCT, Ltd. (United Kingdom) ●■

China

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

Asia

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

Corporate Information

(as of September 1, 2014)

Tokyo Office Tokyo Opera City Tower, 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan

Head Office 2-44-1 Hatagaya, Shibuya-ku, Tokyo 151-0072, Japan

Founded: September 17, 1921

Capital: 38.7 billion yen

Employees: 19,263 (Non-consolidated: 4,764 as of March 31, 2014)

● **Terumo Group Website** www.terumo.com

● **Annual Report 2014** www.terumo.com/investor/library/annualreport

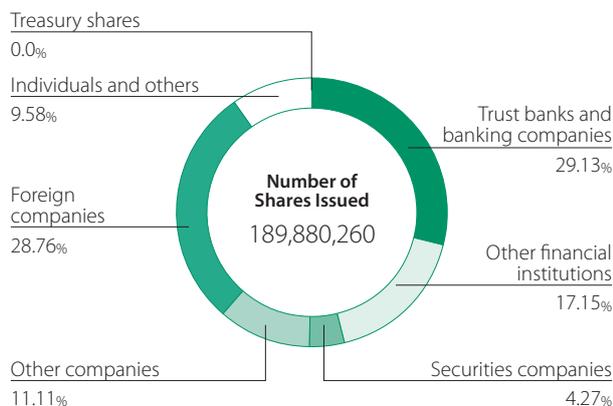
Investor Information

(As of March 31, 2014)

Number of Shares Authorized 840,000,000*
 Number of Shares Issued 189,880,260*
 Number of Stockholders 30,034
 Stock Exchange Listing First Section of Tokyo Stock Exchange
 Security Code 4543
 Trading unit 100 shares

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

Composition of Issued Shares by Type of Stockholders



Major Shareholders (Top 10 shareholders)

	Number of shares held (thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (trust)	16,170	8.52%
Japan Trustee Services Bank, Ltd. (trust)	10,144	5.34%
The Dai-ichi Life Insurance Company, Limited	10,129	5.33%
Meiji Yasuda Life Insurance Company	6,958	3.66%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,804	3.58%
Mizuho Bank, Ltd.	5,376	2.83%
Olympus Corporation	4,715	2.48%
Mitsubishi UFJ Trust and Banking Corporation	3,831	2.02%
Terumo Life Science Foundation	3,680	1.94%
BNP Paribas Securities (Japan) Limited	3,493	1.84%

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Mirasol is a registered trademark of Terumo BCT Biotechnologies LLC.

Spectra Optia is a trademark of TERUMO BCT, Inc.



TERUMO CORPORATION

Tokyo Office
Tokyo Opera City Tower, 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1450, Japan



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