

**Q&A Session at the Financial Results Briefing**  
**for the First Half of the Fiscal Year Ending March 31, 2016**

Outlined below are the principal Q&As from the financial results briefing held on November 5, 2015. Certain details have been expanded or modified to provide readers with a deeper understanding of Terumo Corporation's performance and activities.

Q1: FY2015 guidance revised in September only reflects performance in the first half but not expectations for the second half. Does management not expect to see the same degree of outperformance in the second half as it did in the first half?

A1: In Japan, we launched our drug-eluting stent (DES) Ultimaster in October 2015, and the sales were off to a smooth start. We believe there are few risks in the interventional systems business in the United States and China, which drove over performance in the first half. In general, we believe that performance is trending upward. However, our initial guidance for the second half was set higher than that for the first half. In addition, one of our competitors is likely to launch their own DES in Japan in the near term. Also, in the United States, we are uncertain of the degree of impact to performance in the Blood Management business from a decline in prices. For these reasons, we would like to monitor trends for a while longer. Depending on the progress of our performance, we will revise our guidance again, if necessary.

Q2: Terumo has implemented reforms, including the introduction of business-led management. Have you completed major reforms?

A2: We have completed our major reforms. However, there is no end to our portfolio reforms. We will continuously forge ahead with them.

Q3: There does not seem to be any key points differentiating the Ultimaster from another DES to be launched soon by one of your competitors in Japan. Will you be able to sustain your brisk sales?

A3: There is potential for differentiation with the competitor in areas such as coating and metals. However, physicians like to use new products on a trial basis so there is a chance our sales will drop temporarily soon after the competitor launches its product. Despite this, we expect that physicians will come back to the Ultimaster after using the competitor's product.

Q4: I believe the business model for the DES is to extend the life of a product by consistently introducing minor improvements. What do you plan for the Ultimaster?

A4: Since the Ultimaster is a fully developed in-house, we are almost free to implement any improvements we like. We will continue development for improving the product.

Q5: What is the scale of contribution to profit from the instillation of profit awareness? Also, what degree of contribution do you expect to see in FY2016 from the portfolio restructuring of the General Hospital business in Europe?

A5: It is difficult to quantify the contribution from the instillation of profit awareness. In the first half, we believe that the benefit was larger than expected. As profits and costs in each business are being more carefully and closely managed, we are successfully establishing a structure where growth is directly linked to profits. We expect to see contribution to profits in FY2016 from the portfolio restructuring of the General Hospital business in Europe.

Q6: Please discuss the status of price negotiations with blood centers in the United States.

A6: We are continuing to negotiate prices to prevent them from dropping to levels that we forecast at the start of the fiscal year. In addition, we are also negotiating for multiple-year contracts, to secure quantity in the medium- and long-term.

Q7: Why did you achieve larger cost reduction benefits in the second quarter versus the first quarter?

A7: In the DES business, we are beginning to replace Nobori, a product using licensed technologies, with the Ultimaster, which is fully developed in-house. Also, materials costs in the second quarter were lower owing to a decline in crude oil prices. Moreover, capacity utilization at our factories rose due to the increase in unit sales, which contributed to a reduction in cost.

Q8: Can you explain your product pipeline for coronary stents going forward?

A8: We are jointly developing a drug eluting bioresorbable scaffold with Arterial Remodeling Technologies S.A., a venture company in France. At present, if we can conquer the challenges faced by existing products in the market, we believe we can secure a solid share of the market. In addition, we believe that the use of a hybrid model for metallic and bioresorbable materials is one solution. We plan to move forward with development in conjunction with this.

Q9: What catalysts are driving brisk performance at the interventional systems business in the United States?

A9: The number of PCI cases is increasing in tandem with the increase in the number of people receiving healthcare coverage under Obamacare. In addition, in the United States, sales of products for transradial coronary intervention have once again picked up the pace. A market penetration rate of over 30% is contributing to our performance. We also launched other therapeutic devices, including the Misago, a peripheral stent, and the PTA balloon, in the market in the United States. We can expect further growth once sales of these products begin to pick up.

Q10: Please discuss cost reductions measures going forward and gross margin forecasts.

A10: In addition to steady efforts to reduce costs at our factories in Japan, we also plan to move forward with cost reductions as a global theme, including further transition of production to our factories outside of Japan and the increase in production there. We expect continued improvement in our gross margin as we have made progress in improvements of product and business mix.

Q11: What is your timeline for the contribution you expect from sales of therapeutic intervention devices launched in the United States?

A11: The United States is the largest market. We have been making efforts to secure a foothold, mainly by reinforcing our sales force. We look for contribution in the medium- and long-term.

Q12: Are you seeing any concrete results from investments in venture capitals and from incubation activities in the United States?

A12: We have already gained returns on some of our venture capital investments. As for incubation activities, we are at the stage where we have to decide on the future of current development projects. Furthermore, we are looking at additional projects.