

Abolition of Retirement Benefit System for Directors and Corporate Auditors and Reform of the Executive Compensation System

Terumo Corporation has reviewed its executive compensation system during the board of directors meeting held today and resolved to abolish retirement benefits for directors and corporate auditors and to introduce a stock-linked compensation program. Details are described below.

1. Abolition of retirement benefits system for directors and corporate auditors

Terumo Corporation has decided to abolish its retirement benefit system for directors and corporate auditors as of the date when the Annual General Meeting of Shareholders for the 91st term scheduled for June of this year is held. The proposal of the payment of retirement benefits for the termination of the program according to the length of service of relevant directors and corporate auditors will be presented to the said annual general meeting of shareholders for approval, and if approved, the payments will be made at the time of each relevant director's or corporate auditor's retirement.

2. Reform of executive compensation system

From July 2006, a part of the monthly compensation for directors will be granted as that for the purpose of buying back the company's own stock through our executive stock purchase plan.

As no director to whom the said compensation program is granted is allowed to sell such stocks until retirement, this stock-linked compensation program has the form of long-term compensation (linked to corporate performance or shareholders' value).