

# Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2014 <under Japanese GAAP>



August 8, 2013

Company Name: Olympus Corporation  
Code Number: 7733  
(URL: <http://www.olympus.co.jp/>)  
Stock Exchange Listing: First Section of Tokyo Stock Exchange  
Representative: Hiroyuki Sasa, Representative Director, President  
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Scheduled date to submit the Quarterly Securities Report: August 8, 2013  
Scheduled date to commence dividend payments: –  
Presentation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results presentation meeting: Yes (for analysts and institutional investors)

(Figures are rounded off to the nearest million yen)

## 1. Consolidated Financial Results for the Three Months of the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to June 30, 2013)

(1) Consolidated Results of Operations (cumulative) (% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Three months ended								
June 30, 2013	159,229	(16.0)	8,166	285.6	2,398	–	(1,831)	–
June 30, 2012	189,542	(4.5)	2,118	(59.6)	(241)	–	(4,456)	–

Note: Comprehensive income: Three months ended June 30, 2013: ¥20,364 million [–%]  
Three months ended June 30, 2012: ¥(24,479) million [–%]

	Net income per share	Fully diluted net income per share
	(¥)	(¥)
Three months ended		
June 30, 2013	(6.08)	–
June 30, 2012	(16.70)	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	(¥ million)	(¥ million)	%
As of			
June 30, 2013	894,838	170,435	18.9
March 31, 2013	960,239	151,907	15.5

Note: Equity as of June 30, 2013: ¥168,867 million March 31, 2013: ¥148,605 million

## 2. Dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2013	–	0.00	–	0.00	0.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecast)		0.00	–	0.00	0.00

Note: Revisions of the forecast most recently announced: No

### 3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2014

(From April 1, 2013 to March 31, 2014)

(% indicate changes from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Six months	335,000	(17.4)	27,000	49.7	17,500	136.7	10,000	24.8	29.22
Full year	700,000	(5.9)	71,000	102.4	48,000	267.9	30,000	274.1	87.66

Note: Revisions of the forecast most recently announced: No

#### \* Notes

- (1) Changes in significant subsidiaries during the three months under review (changes in specified subsidiaries resulting in the changes in scope of consolidation): No
- (2) Application of special accounting for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
  - 1) Changes in accounting policies due to revisions to accounting standards, and other regulations: Yes
  - 2) Changes in accounting policies due to other reasons: No
  - 3) Changes in accounting estimates: No
  - 4) Restatement of prior period financial statements after error corrections: No

- (4) Total number of issued shares (common stock)

- 1) Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2013	305,671,508 shares
As of March 31, 2013	305,671,508 shares

- 2) Total number of treasury shares at the end of the period

As of June 30, 2013	4,428,028 shares
As of March 31, 2013	4,425,782 shares

- 3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2013	301,244,294 shares
Three months ended June 30, 2012	266,861,098 shares

#### \* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Law. At the time of disclosure of this quarterly financial results report, the quarterly review procedures to the quarterly consolidated financial statements are in progress.

#### \* Proper use of the forecast of financial results, and other special matters

The forward-looking statements, including forecast of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business and other results may differ substantially due to various factors. Please refer to the section of "Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements" on page 5 of the attached material to the quarterly financial results report for the suppositions that form the assumptions for the forecast and cautions concerning the use thereof.

The Company issued 37,000,000 shares of common stock by public offering with the payment date of July 25, 2013. In addition, the number of treasury shares of the Company decreased by 4,000,000 shares due to a disposal of treasury shares with the payment date of July 25, 2013. Consequently, in the forecast of consolidated financial results for the six months and full year of the fiscal year ending March 31, 2014, net income per share has been recalculated to include the increase of 37,000,000 shares of common stock from the above-mentioned public offering and the decrease of 4,000,000 shares from the above-mentioned disposal of treasury shares.

# Attached Material

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## 1. Qualitative Information Regarding Settlement of Accounts for the Three Months

### (1) Explanation of Results of Operations

#### Overall

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	189,542	159,229	(30,313)	(16.0)%
Operating income	2,118	8,166	6,048	285.6%
Ordinary income/loss	(241)	2,398	2,639	—
Net income/loss	(4,456)	(1,831)	2,625	—
Exchange rate (Yen/U.S. dollar)	80.20	98.76	18.56	—
Exchange rate (Yen/Euro)	102.91	128.95	26.04	—

In the three months ended June 30, 2013, the global economy remained mired in uncertainty mainly because of financial conditions in Europe, which continued to cause substantial concern, and slower economic growth in China and other emerging markets, despite signs of a moderate recovery trend in the U.S. Looking at the Japanese economy, business sentiment recovered gradually following a change in government at the end of 2012, reflecting an improvement in the export environment resulting from a correction in the yen's strength as well as monetary policies, and there is optimism that this will ripple through to the real economy.

Faced with this business environment, the Olympus Group's overall consolidated net sales decreased over the three months of the fiscal year under review, despite an increase in the Medical Systems Business, and amounted to ¥159,229 million (down 16.0% year on year), mainly reflecting the sale of the Information & Communication Business and contraction in the digital camera market. Operating income was ¥8,166 million (up 285.6% year on year), mainly due to the contraction of operating loss in the Imaging Systems Business, in addition to an increase in the Medical Systems Business. Ordinary income was ¥2,398 million (compared to an ordinary loss of ¥241 million in the same period of the previous fiscal year) owing to an increase in operating income. Net loss was ¥1,831 million (compared to a net loss of ¥4,456 million in the same period of the previous fiscal year). This reflected the recording of extraordinary income of ¥123 million mainly from sales of fixed assets, as opposed to the recording of extraordinary losses of ¥1,019 million and income taxes of ¥1,892 million.

Regarding foreign exchange, the yen depreciated against both the U.S. dollar and the euro compared to the same period of the previous fiscal year. The average exchange rate during the period was ¥98.76 against the U.S. dollar (¥80.2 in the same period of the previous fiscal year) and ¥128.95 against the euro (¥102.91 in the same period of the previous fiscal year), which caused net sales and operating income to rise by ¥23,400 million and ¥1,800 million, respectively, year on year.

Operating results by segment are shown below. Operating income/loss of each segment coincides with segment income/loss of each corresponding reportable segment.

**Medical Systems Business**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	78,402	107,885	29,483	37.6%
Operating income	12,378	18,525	6,147	49.7%

Consolidated net sales in the Medical Systems Business during the three months amounted to ¥107,885 million (up 37.6% year on year), while operating income amounted to ¥18,525 million (up 49.7% year on year).

In our flagship gastrointestinal endoscope field, sales of the new product for overseas markets “EVIS EXERA III” and the new product for the Japanese market “EVIS LUCERA ELITE,” which were launched in the previous fiscal year, were both strong. In the surgical and therapeutic devices field, sales of the “VISERA ELITE” integrated endoscopic video system, which supports endoscopic surgery, continued to grow. These positive factors resulted in sales growth in the Medical Systems Business.

Operating income in the Medical Systems Business increased due to the substantial increase in sales.

**Life Science and Industrial Systems Business**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	17,697	19,949	2,252	12.7%
Operating income/loss	(403)	(994)	(591)	—

Consolidated net sales in the Life Science and Industrial Systems Business during the three months amounted to ¥19,949 million (up 12.7% year on year), while operating loss amounted to ¥994 million (compared with an operating loss of ¥403 million in the same period of the previous fiscal year).

As a result of recovery in capital investment on the back of improved business sentiment, sales of products launched in the previous fiscal year in this business segment grew, leading to higher sales in both the life science and industrial fields. These products included the “IX3” series of biological microscopes in the life science field as well as the “IPLEX TX” industrial videoscope and the “45MG” portable ultrasonic thickness gage in the industrial field.

Operating loss in the Life Science and Industrial Systems Business worsened primarily because of an increase in sales promotion expenses with the aim of driving further sales expansion from the second quarter.

**Imaging Systems Business**

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	28,849	24,956	(3,893)	(13.5)%
Operating income/loss	(1,533)	(588)	945	—

Consolidated net sales in the Imaging Systems Business during the three months amounted to ¥24,956 million (down 13.5% year on year), while operating loss amounted to ¥588 million (compared with an operating loss of ¥1,533 million in the same period of the previous fiscal year).

In the mirrorless interchangeable-lens camera field, “OLYMPUS PEN E-P5” was launched. This product is the highest-performance model in the PEN series and boasts a dignified design coupled with functions including a high-speed shutter and built-in wireless connectivity. In addition, there were firm sales of high-value added camera models such as “OLYMPUS OM-D E-M5” and “OLYMPUS PEN Lite E-PL5.” In response to shrinkage in the compact camera market as a whole, however, we limited the number of units

sold in this field. Consequently, there was a decline in sales in the Imaging Systems Business overall.

We reduced operating loss in this business by arranging cost structures in line with the scale of the market and striving to cut costs.

## Others

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013	Increase (Decrease)	Increase (Decrease) Ratio
Net sales	10,729	6,439	(4,290)	(40.0)%
Operating income/loss	(1,052)	(1,428)	(376)	—

Consolidated net sales for other businesses during the three months amounted to ¥6,439 million (down 40.0% year on year) and operating loss was ¥1,428 million (compared with an operating loss of ¥1,052 million in the same period of the previous fiscal year).

Due to progress in the disposal of businesses, there was a decline in net sales in other businesses. Operating loss worsened because of an increase in costs at overseas subsidiaries due to foreign exchange effects.

### (2) Explanation of Financial Position

As of the end of the first quarter under review, total assets decreased ¥65,401 million compared to the end of the previous fiscal year to ¥894,838 million.

This was primarily as a result of increases in raw materials and supplies of ¥2,067 million and tools, furniture and fixtures of ¥1,830 million, and decreases in cash and time deposits of ¥82,105 million and notes and accounts receivable of ¥6,854 million.

Total liabilities decreased ¥83,929 million compared to the end of the previous fiscal year to ¥724,403 million due mainly to decreases in short-term borrowings of ¥63,576 million and long-term borrowings, less current maturities of ¥25,036 million.

Net assets increased ¥18,528 million compared to the end of the previous fiscal year to ¥170,435 million, primarily due to an increase in accumulated other comprehensive income of ¥22,193 million arising from fluctuations in foreign exchange and stock prices.

As a result of the foregoing, equity ratio increased from 15.5% as of the end of the previous fiscal year to 18.9%.

(3) Explanation of Forecast of Consolidated Financial Results and Other Forward-looking Statements

Regarding the forecast of consolidated financial results for the fiscal year ending March 31, 2014, the forecast for the six months and the full year is unchanged from the forecast announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2013, which was released on May 15, 2013.

**2. Matters Regarding Summary Information (Notes)**

(1) Changes in Significant Subsidiaries during the Three Months under Review

No items to report

(2) Application of Special Accounting for Preparing Quarterly Consolidated Financial Statements

Taxes are calculated first by reasonably estimating the effective tax rates after applying tax effect accounting against income before provision for income taxes for the fiscal year including the first quarter under review, and next by multiplying the quarterly income before provision for income taxes by such estimated effective tax rates.

(3) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement of Prior Period Financial Statements after Error Corrections

In line with the application of IAS No. 19, "Employee Benefits" (revised on June 16, 2011) for fiscal years starting on or after January 1, 2013, effective from the three months ended June 30, 2013, at certain overseas subsidiaries this accounting standard has been applied and the method of recognizing actuarial differences has been changed.

This change in accounting policy has been applied retrospectively to the quarterly consolidated financial statements and consolidated financial statements for the three months ended June 30, 2012, and the fiscal year ended March 31, 2013. The impact of this retrospective application on the three months ended June 30, 2012, and the fiscal year ended March 31, 2013, is immaterial.

**3. Important Event Regarding Premise of Going Concern**

No items to report

**4. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>ASSETS</b>		
Current assets		
Cash and time deposits	229,610	147,505
Notes and accounts receivable	125,231	118,377
Merchandise and finished goods	59,740	60,501
Work in process	20,827	21,287
Raw materials and supplies	18,740	20,807
Other current assets	90,186	96,157
Allowance for doubtful accounts	(3,297)	(3,429)
Total current assets	541,037	461,205
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	50,772	50,091
Machinery and equipment, net	10,057	10,055
Tools, furniture and fixtures, net	45,783	47,613
Land	15,172	15,284
Lease assets, net	6,165	6,074
Construction in progress	1,853	2,204
Net property, plant and equipment	129,802	131,321
Intangible assets		
Goodwill	106,346	108,506
Others	68,260	68,915
Total intangible assets	174,606	177,421
Investments and other assets		
Investment securities	48,614	55,254
Other assets	74,641	77,858
Allowance for doubtful accounts	(8,461)	(8,221)
Total investments and other assets	114,794	124,891
Total fixed assets	419,202	433,633
Total assets	960,239	894,838

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable	42,272	42,004
Short-term borrowings	102,510	38,934
Current maturities of bonds	35,000	35,000
Income taxes payable	12,622	16,474
Provision for product warranties	7,513	7,918
Other current liabilities	116,943	113,384
Total current liabilities	316,860	253,714
Non-current liabilities		
Long-term bonds, less current maturities	55,000	55,000
Long-term borrowings, less current maturities	367,880	342,844
Severance and retirement allowance	28,251	29,183
Provision for loss on business liquidation	145	145
Other reserves	142	55
Other non-current liabilities	40,054	43,462
Total non-current liabilities	491,472	470,689
Total liabilities	808,332	724,403
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	73,332	73,332
Capital surplus	79,788	79,788
Retained earnings	68,000	66,076
Treasury stock, at cost	(11,255)	(11,262)
Total shareholders' equity	209,865	207,934
Accumulated other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	6,295	11,034
Net unrealized gains (losses) on hedging derivatives, net of taxes	20	10
Foreign currency translation adjustments	(58,029)	(39,957)
Pension liability adjustment of foreign subsidiaries	(9,546)	(10,154)
Total accumulated other comprehensive income	(61,260)	(39,067)
Minority interests	3,302	1,568
Total net assets	151,907	170,435
Total liabilities and net assets	960,239	894,838

## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Income (cumulative)

(Millions of yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	189,542	159,229
Costs of sales	102,897	65,136
Gross profit	86,645	94,093
Selling, general and administrative expenses	84,527	85,927
Operating income	2,118	8,166
Non-operating income		
Interest income	219	262
Dividends income	449	409
Gain on sales of investment securities	2,105	–
Others	1,132	682
Total non-operating income	3,905	1,353
Non-operating expenses		
Interest expenses	3,177	3,560
Foreign currency exchange loss	680	1,056
Advanced repayment expenses	–	1,505
Others	2,407	1,000
Total non-operating expenses	6,264	7,121
Ordinary income (loss)	(241)	2,398
Extraordinary income		
Gain on sales of investment securities	–	13
Gain on sales of investments in subsidiaries and affiliates	–	21
Gain on sales of noncurrent assets	–	89
Total extraordinary income	–	123
Extraordinary losses		
Loss on valuation of investment securities	587	121
Loss on sales of investments in subsidiaries and affiliates	–	76
Loss on liquidation of business	–	122
Settlement package	1,231	–
Penalty charges	–	700
Total extraordinary losses	1,818	1,019
Income (loss) before provision for income taxes	(2,059)	1,502
Income taxes	2,311	1,892
Income taxes for prior periods	–	1,476
Income (loss) before minority interests	(4,370)	(1,866)
Minority interest in income (loss) of consolidated subsidiaries	86	(35)
Net income (loss)	(4,456)	(1,831)

## Quarterly Consolidated Statements of Comprehensive Income (cumulative)

	(Millions of yen)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Income (loss) before minority interests	(4,370)	(1,866)
Other comprehensive income		
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	(5,424)	4,739
Net unrealized gains (losses) on hedging derivatives, net of taxes	1,353	(10)
Foreign currency translation adjustments	(16,409)	18,036
Pension liability adjustment of foreign subsidiaries	369	(608)
Share of other comprehensive income of associates accounted for using equity method	2	73
Total other comprehensive income	(20,109)	22,230
Comprehensive income	(24,479)	20,364
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(24,533)	20,362
Comprehensive income attributable to minority interests	54	2

## (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

No items to report

(Notes on Significant Changes in the Amount of Shareholders' Equity)

No items to report

(Segment Information)

## I. Three months of the fiscal year ended March 31, 2013 (from April 1, 2012 to June 30, 2012)

## 1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica- tion	Others	Total		
Sales								
Sales to outside customers	78,402	17,697	28,849	53,865	10,729	189,542	–	189,542
Internal sales or transfer among segments	36	1	12	–	20	69	(69)	–
Total	78,438	17,698	28,861	53,865	10,749	189,611	(69)	189,542
Segment income (loss)	12,378	(403)	(1,533)	548	(1,052)	9,938	(7,820)	2,118

Notes:

1. The deduction of ¥7,820 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥7,820 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
  2. Segment income is adjusted to agree with operating income on quarterly consolidated statements of income.
2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

No items to report

(Significant changes in the amount of goodwill)

No items to report

(Significant gain on negative goodwill)

No items to report

## II. Three months of the fiscal year ending March 31, 2014 (from April 1, 2013 to June 30, 2013)

## 1. Information regarding net sales and income/loss by reportable segment

(Millions of yen)

	Reportable Segment						Adjustment (Note 1)	Amount on quarterly consolidated statements of income (Note 2)
	Medical Systems	Life Science and Industrial Systems	Imaging Systems	Information & Communica- tion (Note 3)	Others	Total		
Sales								
Sales to outside customers	107,885	19,949	24,956	–	6,439	159,229	–	159,229
Internal sales or transfer among segments	32	4	3	–	59	98	(98)	–
Total	107,917	19,953	24,959	–	6,498	159,327	(98)	159,229
Segment income (loss)	18,525	(994)	(588)	–	(1,428)	15,515	(7,349)	8,166

## Notes:

- The deduction of ¥7,349 million listed as an adjustment to segment income (loss) includes corporate expenses of ¥7,349 million not allocated to any reportable segment. These corporate expenses mostly consisted of expenses related to the corporate center of the parent company (management departments such as the Administrative Department) and the Research & Development Center.
  - Segment income is adjusted to agree with operating income on quarterly consolidated statements of income.
  - On September 28, 2012, the Company succeeded the Information & Communication Business of ITX Corporation, which was previously classified as the Information & Communication segment, to the newly established ITX Corporation, which is the successor in an absorption-type company split, and transferred the company to IJ Holdings Inc., a wholly owned company of a partnership operated and managed by Japan Industrial Partners, Inc.
2. Information regarding impairment loss on fixed assets, goodwill and negative goodwill, etc. by reportable segment
- (Significant impairment loss on fixed assets)
- No items to report
- (Significant changes in the amount of goodwill)
- No items to report
- (Significant gain on negative goodwill)
- No items to report

(Important Subsequent Event)

1. Issuance of new shares and disposal of treasury stock outside Japan

The Company made a resolution at a meeting of its Board of Directors held on July 8, 2013, to issue new shares and dispose of treasury stock outside Japan, and payment for the transactions was completed on July 25, 2013. With this move, the Company aims to speed up the strategies in its Medium-Term Vision and boost its medium- to long-term corporate value by securing funds for capital expenditures in the Medical Systems Business, which is a growth field for the Company, and increasing its equity capital.

The details of the move are as follows.

(1) Issuance of new shares outside Japan

1) Class and number of shares offered

37,000,000 shares of common stock of the Company

(aggregate shares purchased separately and underwritten: 32,000,000 shares

upper limit for over-allotment option: 5,000,000 shares)

2) Offering method and underwriting method

The shares were offered in markets outside Japan in the U.S., Europe and other regions (in the U.S., sale of the shares is limited to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933), and the aggregate shares were purchased separately and underwritten by SMBC Nikko Capital Markets Limited, UBS Limited and Morgan Stanley & Co. International plc (the "Underwriters") or shares were subject to over-allotment options for the Underwriters.

3) Method of determining offer price (issue price)

The offer price was determined through a method of book building similar to the method provided in Article 25 of the Regulations concerning Underwriting, etc. of Securities set forth by the Japan Securities Dealers Association.

4) Offer price (issue price)

¥2,886 (the difference between the offer price and the issue price is the proceeds to the Underwriters)

5) Total of offer price and issue price

¥2,766.96 (¥102,378 million)

6) Payment date

July 25, 2013

7) Capitalized amount in issue price

Common stock: ¥51,189 million

Legal capital surplus: ¥51,189 million

(2) Disposal of treasury stock outside Japan

1) Class and number of shares offered

4,000,000 shares of common stock of the Company (aggregate shares purchased separately and underwritten)

2) Offering method and underwriting method

The shares were offered in markets outside Japan in the U.S., Europe and other regions (in the U.S., sale of the shares is limited to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933), and the aggregate shares were purchased separately and underwritten by the Underwriters.

3) Method of determining offer price (disposal price)

The method was the same as the method for determining the offer price in the issuance of new shares.

4) Offer price (disposal price)

¥2,886 (the difference between the offer price and the disposal price is the proceeds to the Underwriters)

5) Total of offer price and disposal price

¥2,766.96 (¥11,068 million)

6) Payment date

July 25, 2013

(3) Use of funds raised

The Company intends to use the proceeds from this issuance of new shares and this disposal of treasury stock as follows:

- ¥19,700 million from August 2013 through May 2016 to fund capital expenditures related to the Company's main manufacturing facilities for the Medical Systems Business, where they will be used to enhance production capabilities, improve efficiencies and acquire fixed assets for the business continuity plan;
- ¥24,000 million from August 2013 through March 2016 to cover sales promotion expenses primarily related to new products in the Medical Systems Business;
- ¥54,000 million from August 2013 through March 2016 to cover research and development costs; and
- Remaining proceeds, if any, will be used from August 2013 through March 2014 to repay long-term borrowings.

## 2. Granting of share-based compensation stock options

The Company made a resolution at a meeting of its Board of Directors held on August 8, 2013, to allot stock acquisition rights (The 1st stock acquisition rights of Olympus Corporation) as share-based compensation stock options to Directors (excluding Outside Directors) and Executive Officers for the purpose of incentivizing Directors and Executive Officers to work for medium-to long-term performance improvement and corporate value enhancement.

(1) Allotment date

August 26, 2013

(2) Number of stock acquisition rights to be issued

Directors (excluding Outside Directors) 129

Executive Officers 272

Total 401

(3) Class and number of shares to be issued upon exercise of stock acquisition rights

40,100 shares of common stock of the Company

(4) Persons who are subject to the allotment

25 in total (five Directors and 20 Executive Officers of the Company)

(5) Exercise period of the stock acquisition rights

From August 27, 2013 to August 26, 2043

(6) Value of property contributed upon exercise of stock acquisition rights

The amount obtained by multiplying the exercise price of one yen per share by the number of shares granted.

(7) Method to calculate amount to be paid in upon allotment of stock acquisition rights

The amount to be paid shall be determined by the Board of Directors of the Company based on the fair value calculated using the Black-Scholes model as of the date of allotment of stock acquisition rights. Said amount shall be set off with the same amount of remuneration receivables from the Company held by each Director and Executive Officer.

(8) Amount to be capitalized upon exercise of stock acquisition rights

The amount of increase in common stock in the case that shares are issued due to the exercise of offered stock acquisition rights shall be determined by multiplying the maximum increase in common stock, etc. calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Accounting of Companies by 0.5. If any fractional amounts less than one yen occur as a result of this calculation, the said amounts will be rounded up to the nearest yen.

The amount of increase in legal capital surplus in the case that shares are issued due to the exercise of offered stock acquisition rights shall be determined by subtracting the amount of increase in common stock stipulated above from the maximum increase in common stock, etc.