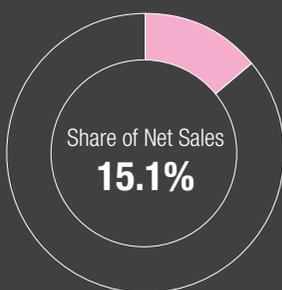


# IMAGING BUSINESS



Olympus provides products that overturn the conventional wisdom of digital single-lens reflex (SLR) cameras and open up new possibilities in photography, such as the OM-D mirrorless interchangeable-lens camera incorporating new mirrorless and electronic viewfinder technologies and the compact, lightweight PEN series of mirrorless interchangeable-lens cameras. Olympus will continue its quest to increase the fun of photography and audio recording and listening by offering groundbreaking digital cameras and voice recorders which boast the world's top share.





## Main Products

### Digital Cameras

Digital single-lens cameras, compact digital cameras, digital camera-related products, digital camera lens barrels, optical components



OLYMPUS OM-D E-M5



OLYMPUS PEN E-P3



OLYMPUS XZ-1



OLYMPUS Tough TG-1



Voice-Trek V-803

### Others

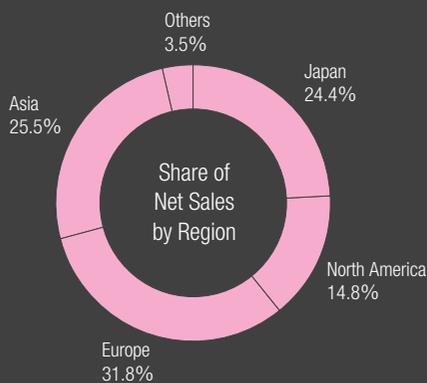
IC recorders, binoculars



**Haruo Ogawa**  
President  
Imaging Group

# IMAGING BUSINESS

Consolidated Net Sales **¥128.6** billion  
 Consolidated Operating Income **-¥10.8** billion



(Fiscal 2012 results)

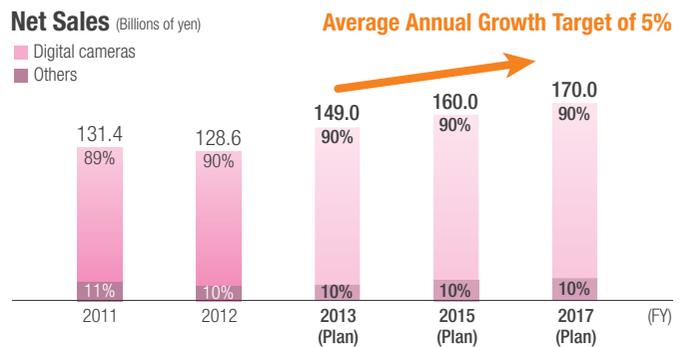
## Fiscal 2012 Business Results and Activities

Fiscal 2012 brought higher sales, especially in Japan, Asia, and Europe, of high-value-added models such as the mainstay PEN series of mirrorless interchangeable-lens cameras and XZ-1 cameras, which deliver the highest image quality available from a compact camera. Nevertheless, full-year consolidated net sales fell year on year as a result of factors including intensification of competition and the inability to introduce the OM-D and other new products as scheduled because of parts procurement difficulties in the second half due to the flooding in Thailand. Operating loss decreased thanks to improvements in the cost of sales ratio and cost reductions.

Excluding the impact of foreign exchange, consolidated net sales rose 1.5% and operating loss fell by ¥2.0 billion year on year.

### New Products

In the results for mirrorless interchangeable-lens cameras, Olympus began sequential introduction of models in the third-generation PEN series in July 2011, and the PEN E-P3 drove favorable sales performance. Furthermore, Olympus launched the new OM-D series of mirrorless interchangeable-lens cameras in March 31, 2012. The OM-D realizes higher image quality while incorporating numerous leading-edge technologies, including the first dust-proof and splash-proof construction in a mirrorless camera and an electronic viewfinder. Both series have been favorably received, and sales are steadily increasing.



## Business Strategy as Part of Our Medium-Term Vision

### Imaging Business

➔ Optical and imaging technology and brand driver

### Business Environment

The business environment for digital cameras has greatly changed in the past few years. The market for low-priced compact cameras is contracting, mainly in developed countries, because of the rise of smartphones. At the same time, high-value-added compact cameras and mirrorless interchangeable-lens cameras, a product category created by Olympus, are highly rated by customers who place importance on photography, and these are stable or growing segments in the digital camera market.

Olympus will rebuild the Imaging Business and establish a business structure to ensure stable profitability by means of a product strategy aligned with market changes and customer needs and fundamental improvements in the profit structure.

Policy

1

### Focus on Mirrorless and High-End Compact Cameras

A review of the past product strategy revealed that a lack of differentiation technologies and loss of uniqueness are shortcomings. With mirrorless cameras, we were able to enhance the

product line and create a market through the pioneering development of a differentiated technology. Monthly unit sales in 2012 have increased to the level of approximately half of total sales in the interchangeable lens digital camera market in Japan (information compiled by research firm BCN Inc.).

In high-end compact cameras, another priority segment, Olympus will pursue uniqueness by applying leading-edge technologies cultivated in the development of mirrorless cameras. The plan is for Olympus products to account for more than half of total unit sales of single-lens cameras (mirrorless and conventional models) and high-end compact cameras by fiscal 2017.

Policy

2

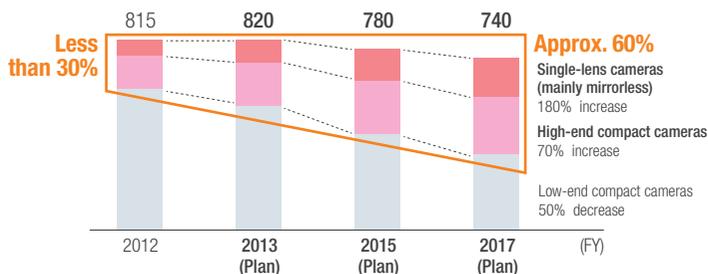
### Significant Improvements in Revenue Structure for Manufacturing Costs and SG&A Expenses

Whereas heretofore Olympus had invested in manufacturing in the pursuit of scale spurred by a growth trend in digital cameras, We will now undertake restructuring of the manufacturing function. First, at the Shenzhen Plant in China, we will introduce the latest production technologies and exhaustively pursue productivity. Next, we will focus in-house production on high-value-added lens barrels and interchangeable lenses and actively utilize OEM and EMS for assembly processes, in which it is generally difficult to create added value.

In addition, our policy is to achieve an improvement of three percentage points in the cost of sales ratio and eight points in the SG&A ratio by fiscal 2015 by undertaking improvements in SG&A expenses by means including optimization of the number of employees in Japan and overseas.

### Targets for Digital Camera Unit Sales (Sales Ratios)

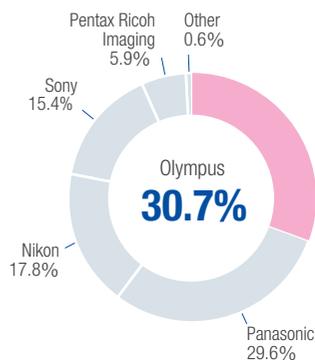
(10,000 units)



### Mirrorless Camera Sales Share in Japan

(January to June 2012)

\*Information compiled by BCN Inc.



### OM-D Technologies, "The Beginning of the New"

The OM-D is a mirrorless interchangeable-lens camera developed for serious camera users. By completely converting the mirror and optical rangefinder functions characteristic of SLR cameras to electronic devices, we realized substantial reductions in product size and weight. In addition, the use of an electronic viewfinder has made it possible to confirm in real time inside the rangefinder exposure, color balance, and other details.

The OM-D incorporates many other new technologies. Above all, we were uncompromising about image quality. Since we were reviving the storied OM brand, we developed a new imaging sensor to achieve superb image quality befitting the brand. We also introduced 5-axis image stabilization, the world's first technology in a still camera to compensate for camera shake, which is important for image quality improvement. We overcame a weakness of mirrorless cameras by achieving the world's fastest autofocus by means of the FAST AF system. We engaged in technical development of the OM-D in parallel with development of the PEN series and are confident that we have succeeded in building into the product performance that meets people's expectations for the OM brand.

In this way, Olympus excels given the challenge of developing leading-edge technologies and incorporating them into products. The incorporation of new functions and product miniaturization are a source of pride, a pride that carries the spirit of Olympus engineers which we have inherited. We will continue to provide products that delight Olympus fans, and I encourage you to have high expectations for more great things to come.



**Akira Watanabe**

General Manager, Brand Strategy Department  
Olympus Imaging Corp.