

Sound Corporate Activities

A corporation needs to create added value through its economic activities in order to fulfill its social responsibility. This chapter outlines the major corporate activities of Olympus; its operational and management structure; its system of complying with laws, regulations, and ethics; and its mechanism to appropriately check managerial decisions and corporate

Creating an Efficient and Sound Management System

reason

Continuously providing value to all stakeholders, including shareholders, requires not only the capability of swiftly developing strategies and putting them into action but also a peer review mechanism to check the decisions and actions of management and employees.

Separating the Imaging Systems Business and Medical Systems Business

Increasing operating efficiency by clarifying who does what

Effective October 1, 2004, the in-house groups engaged in the imaging business and medical business at Olympus have become two separate companies: Olympus Imaging Corp. and Olympus Medical Systems Corp., respectively. Olympus Corporation assumes the role of strategic planner for the entire Group, Head Office, R&D, promotion of life science and industry-related businesses, and promotion of new businesses.

This reorganization intends to further clarify who does what in business management to speed up decision making, establish a consistent system that matches the characteristics of each business, and maximize corporate value.

Business Management System

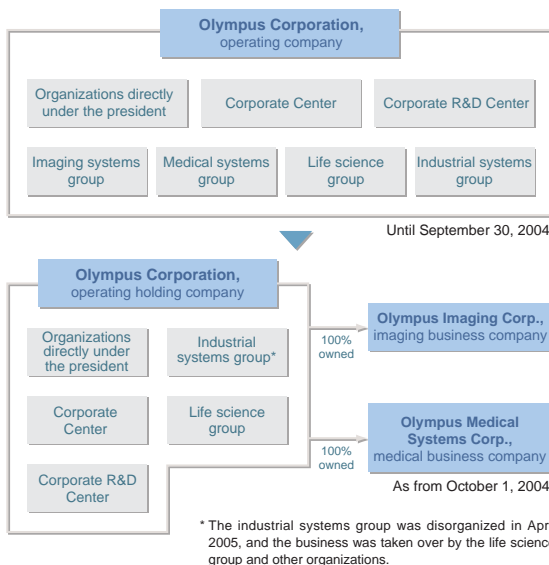
Quick judgment and appropriate checking

Because the appropriate operation of the Olympus Group is more important, an operating officer system was introduced in 2001, and the Board of Directors, originally composed of 20 members, was trimmed down. The Board of Directors is now positioned as a supervising organization to develop strategies and make decisions in the Group's global operation. Decision making is swiftly carried out by the Executive Management Committee. The Global Strategy Committee, which is in charge of executing global strategies and evaluating performance, is the binder of intragroup cooperation.

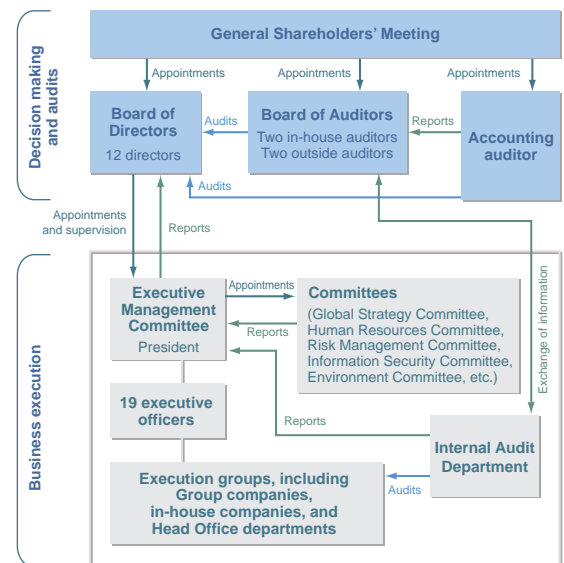


Global Strategy Committee

Outline of the organization before and after the separation



Corporate governance system



To further clarify the missions and responsibilities of the directors and executive officers, their term of office is one year. As of March 31, 2005, Olympus has 12 directors and 20 executive managing officers (including 10 who also serve as directors). The system of examining the management status is as follows: two external auditors, who are among four auditors, are assigned to ensure objective checking. The auditors, who are required to attend the Board of Directors meeting generally held twice a month, examine the financial status of the entire business as an independent organization that plays an important role in corporate governance and regularly exchange information with the Internal Audit Department.

Promoting Compliance

Developing an orderly set of regulations and creating a transparent and communication-friendly corporate culture

The Olympus Group has put in place the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Conduct as guidelines for every director and employee to comply with laws and regulations as well as a high level of ethics in carrying out fair and honest corporate activities.

In addition to a variety of in-house rules, the Olympus International Standards (OIS), a set of our own Groupwide business criteria, have been established to guide the conduct of employees.

A very high level of product and service quality and safety is required, considering our mission in the medical business of providing products directly related to human life. To meet such critical requirements, Olympus has implemented in-house regulations and standards in fields related to the Pharmaceutical Law, and the Pharmaceutical Affairs Division supervises and reinforces the Company's compliance with those codes.

Because we believe a transparent corporate culture with smooth communication is the nesting ground for a high awareness of compliance among employees, the president sends his message to all employees through the intranet once a month, and the internal system is set up to allow any employee to directly send e-mail messages to the president for his opinion. This is how we promote smooth communication inside the Olympus Group.

Protecting Information

Special importance on the protection of private information

The safe maintenance and management of information assets, including private and corporate information, are never more important with the advancement and diffusion of information technology. Olympus takes precautions and measures to prevent information from leaking and ensure the unflinching management of information assets provided by customers and suppliers as well as its own information assets according to the Olympus Information Security Policy. The Information Security Committee, headed by one of the directors, studies, reviews, and implements preventive

measures throughout the Group. The Olympus Private Information Protection Policy was put in place in Japan to protect private information.

Information Security Policy* (Abstract)

- Olympus recognizes that all the information it handles and its information systems (information assets) are a critical management resource. In the handling of information assets, Olympus believes it is important to appropriately protect, manage, and utilize its information assets while strictly following related laws and social norms.
- This Olympus Information Security Policy applies to all Olympus Group companies globally.
- Olympus maintains information assets to efficiently and effectively execute business operations. Employees are basically restricted from using these information assets for non-business purposes.
- Olympus appropriately manages confidential information related to products and technological know-how, personal information and all other secret information. This confidential information is only disclosed on a need-to-know basis for business purposes. In particular, personal information about customers is managed under strict control to protect their privacy.
- Olympus has company rules that clearly address issues for ensuring the secure management of information.
- Olympus provides its employees with education on information security as needed.

* This policy is not applicable to listed companies that have a separate policy.

Risk Management System

Special committee, headed by the president, supervises risk management

Corporations face a growing number of unexpected risks as a result of their expanding economic activities and changes in the social system and people's awareness. The president of Olympus heads risk management activities in the Risk Management Committee, which stipulates risk management rules for the integrated management and control of risk information from an overall point of view to prevent and quickly eliminate risks.

■ Olympus Risk Management System



Global Group Operation

reason

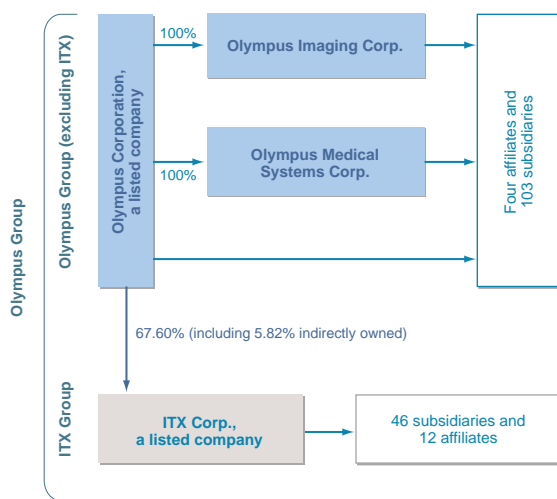
Under the stewardship of the operating holding company, **Olympus Corporation**, the **Olympus Group** carries out its international operation in various fields so as to provide added value to many people.

Outline of the Olympus Group

Three Core Corporations and the ITX Group

The three mainstays of the Olympus Group are Olympus Corporation (operating holding company), Olympus Imaging Corp. (imaging business), and Olympus Medical Systems Corp. (medical business), with some 110 affiliates and subsidiaries. Olympus Corporation acquired a major stake in ITX Corp., a listed corporation with approximately 60 affiliated companies, and included it as a consolidated company in October 2004. The Olympus Group is therefore a combination of Olympus Group companies and ITX Group companies.

Group Organization Map



* The percentages shown here are those of the ownership of voting rights.

The CSR Report mainly covers Olympus Corporation, Olympus Imaging Corp., and Olympus Medical Systems Corp. and mentions other affiliated companies, except for ITX Group companies, whenever necessary. ITX Corp., which is a listed company, and its group companies are not included in this report unless especially necessary. Details on this are given on page 3.

Overview of the Three Mainstays of the Group

(As of March 31, 2005)

Olympus Corporation

Established	October 12, 1919
Head Office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business Lines	Manufacture and sale of precision machinery and instruments
Capital	¥40,832 million
Total number of employees (consolidated)	30,312
Number of employees (Olympus Corporation only)	2,845
Consolidated net sales	¥813,538 million ▶ ¹
Net sales	¥258,953 million ▶ ²
Consolidated total assets	¥858,083 million (including ¥240,837 million in equity capital)

Olympus Imaging Corp.

Established	October 1, 2004
Head Office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business Lines	Manufacture and sale of digital cameras, film cameras, and voice recorders.
Capital	¥1,000 million
Number of employees	1,022
Net sales	¥113,724 million ▶ ²

Olympus Medical Systems Corp.

Established	April 27, 2004
Head Office	Shinjuku Monolith, 3-1 Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-0914, Japan
Business Lines	Manufacture and sale of medical endoscopes and other medical devices
Capital	¥1,000 million
Number of employees	1,755
Net sales	¥66,033 million ▶ ²

(Reference) ITX Corp.

Established	May 16, 1986
Head Office	3-2-5, Kasumigaseki, Chiyoda-ku, Tokyo 100-6014, Japan
Business Lines	Investment and business incubation, equipment sales and service provision in the IT field
Capital	¥20,456 million
Total number of employees (consolidated)	1,848
Consolidated net sales	¥349,699 million

- ▶¹ Consolidated net sales include the sales of ITX in the second half of 2004.
- ▶² The net sales of Olympus Imaging and Olympus Medical Systems are those only in the second half of the year. Sales in the first half of the year are included under the single net sales of Olympus Corporation.

Main Business Bases

Production and Sales Bases around the World

The data shown here are as of March 31, 2005. The updated data and details are shown on our Web site.

Japan

Locations of main offices and plants

Shinjuku-ku and Shibuya-ku, Tokyo (Head Office)
 Hachioji-shi, Tokyo (Technology Research Institutes)
 Ina-shi, Nagano Prefecture (development and manufacture)
 Tatsuno-machi, Kamiina-gun, Nagano Prefecture (development and manufacture)
 Hinode-cho, Nishitama-gun, Tokyo (development and manufacture)
 Okaya-shi, Nagano Prefecture (development and manufacture)

Sales bases

Sapporo, Sendai, Omiya, Yokohama, Niigata, Matsumoto, Shizuoka, Tsukuba, Nagoya, Osaka, Kanazawa, Kyoto, Matsuyama, Hiroshima, Fukuoka, and Minamikyushu

Main manufacturing subsidiaries

Olympus Opto-Technology Co., Ltd.
 Head Office (Tatsuno-machi, Nagano Prefecture), Omachi Plant, and Sakaki Plant

Aizu Olympus Co., Ltd.
 Shirakawa Olympus Co., Ltd.
 Aomori Olympus Co., Ltd.
 Mishima Olympus Co., Ltd.
 Okaya Olympus Co., Ltd.

Europe

Supervising subsidiaries

Olympus Europa GmbH (Germany)
 KeyMed (Medical & Industrial Equipment) Ltd. (U.K.)

Local companies and subsidiaries in

Austria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland, and United Kingdom

Major manufacturing plants (subsidiaries)

Olympus BioSystems GmbH (Germany)
 Olympus Winter & Ibe GmbH (Germany)
 KeyMed (Medical & Industrial Equipment) Ltd. (U.K.)
 Algram Group Ltd. (U.K.)
 Olympus Diagnostica GmbH (Ireland)

Americas

Supervising subsidiaries

Olympus America Inc. (USA)

Offices (subsidiaries) in

United States, Mexico, and Brazil

Asia and other regions

Major manufacturing plants (subsidiaries) in

Australia, China, Hong Kong, Malaysia, New Zealand, Singapore, South Korea, Taiwan, and Thailand

Major manufacturing plants (subsidiaries)

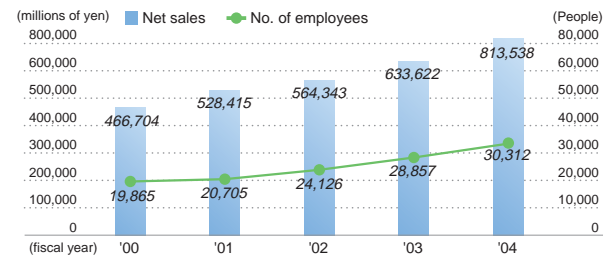
Olympus (Beijing) Industry & Technology Ltd. (Beijing, Pan Yu)
 Olympus (Shenzhen) Industrial Ltd. (Shenzhen)
 Olympus (Guangzhou) Industrial Ltd. (Guangzhou)
 Olympus Optical Technology Philippines, Inc. (Cebu)

Major Data on Olympus Group

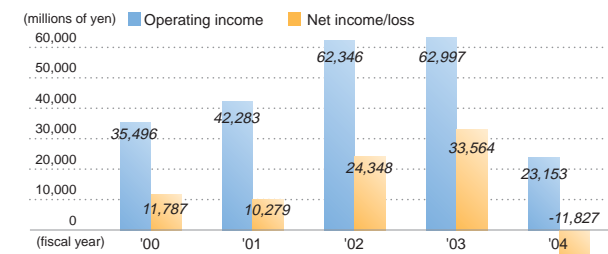
Changes in Performance and Number of Employees

Net sales in fiscal 2004 exceeded those in the previous year, but operating income decreased from that in the previous year due to increased competition in digital cameras. In addition, the write-off of the deferred tax asset was required. Therefore, fiscal 2004 recorded a loss. Please see Investor Relations on our Web site.

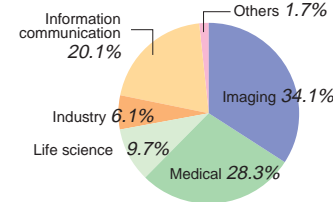
Consolidated net sales and number of employees



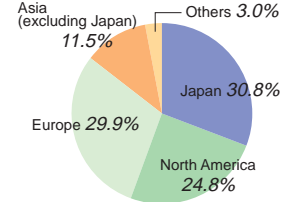
Consolidated operating income and net income/loss



Consolidated net sales ratio in fiscal 2004 by field



Consolidated net sales ratio in fiscal 2004 by area



* The above consolidated net sales include the sales of ITX Corp. for the second half of the year.

