

> To further sharpen its core competence in Opto-Digital Technology, the Olympus Group is pursuing further development of four platform technologies—optical, precision, digital imaging and cell-related technologies—and pushing forward with basic research, as well as expanding product development and creation of new businesses. The Future Creation Laboratory is engaged in research aimed at creating long-term corporate value for the sustainable development of the Olympus Group.

Research and development expenses in the fiscal year ended March 31, 2007 amounted to ¥55,531 million (US\$463 million), a year-on-year increase of 20.9%. The ratio of research and development expenditures to net sales also increased 0.5 of a percentage point to 5.2%, reflecting Olympus' efforts to strengthen R&D. During the fiscal year under review, R&D activities by business segment were as follows.

Imaging System Business

1.

Ultra-slender 5x-zoom lens unit for compact digital cameras

> Olympus has developed the "dual super aspherical lens," which achieves the optical performance of several conventional lenses, and the "CCD-shift image stabilizer" to compensate for camera shake and provide clear image quality even at high magnification. These two technologies are combined into one ultra-slender 5x-zoom lens unit and produced for use with compact digital cameras.

2.

E-410 digital SLR camera with interchangeable lens

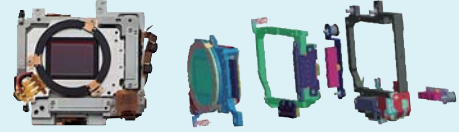
> Olympus developed the E-410 (EVOLT E-410 in the Americas) digital SLR camera, which maintains the size and weight of the E-400, the world's smallest, slimmest and lightest digital SLR camera*, realized through meticulous detail to compactness of the various units that comprise a camera. On the E-410, Olympus added its Live View function that enables picture shooting while watching an LCD monitor on the back of the camera.

* Based on an Olympus survey of digital SLR cameras with interchangeable lenses, as of March 5, 2007

3.

Sensor-shift type image stabilizer unit for digital SLR cameras

> Olympus developed a sensor-shift type image stabilizer unit employing the exclusive Supersonic Wave Drive (SWD) motor for E-510 (EVOLT E-510 in the Americas) digital SLR cameras equipped with the Live View function.



Medical Systems Business

1.

EVIS LUCERA SPECTRUM endoscopic video imaging system

> Olympus launched the new EVIS LUCERA SPECTRUM endoscopic video imaging system, which serves as the centerpiece of a range of general-use systems and specialized videoscopes. In addition to normal light observation using high-resolution HDTV imaging, the EVIS LUCERA SPECTRUM also incorporates three imaging functions for observation using specific light spectra: Narrow Band Imaging (NBI), Auto Fluorescence Imaging (AFI) and Infra Red Imaging (IRI).

2.

EVIS LUCERA GIF TYPE XP260N Gastrointestinal videoscope

> Featuring an ultra-compact, high-resolution CCD, this slim, high-definition videoscope for the upper digestive tract can be inserted through either the nose tract or the mouth.

3.

KD-611L disposable electro-surgical knife

> Olympus made this new endotherapy product to make dissection or exfoliations of tissue during Endoscopic Submucosal Dissection (ESD), which is gradually coming into use as a less invasive treatment for lesions in the submucosa.

Life Science Business

1.

AU3000i Immunoassay System and specialized reagents

- > Olympus developed the AU3000i Immunoassay System and specialized reagents by leveraging its know-how in the area of fabricating systems that combine equipment and reagents, as well as its automation technologies gained through experience with chemistry analyzers. This marks our full-fledged entry into the global immunoassay market. By also promoting greater ties with our bio business, our goal is to build momentum around this development to accelerate achievements in personalized healthcare.

2.

FLUOVIEW 1000-MPE multiphoton laser scanning microscope

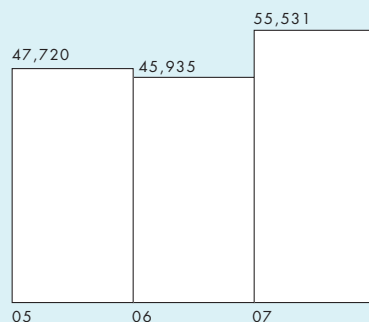
- > This new multiphoton laser scanning microscope enables observation of cells and deep portions of tissues that could not be seen with previous confocal laser microscopes. This will contribute to advanced research especially in the area of brain science.

3.

LEXT OLS3100 confocal laser scanning microscope

- > This confocal laser scanning microscope enables rapid, 3D observation and measurement of the shape of minute surfaces on semiconductors and advanced materials. In addition to high resolution and multiple observation methods, these microscopes also offer ease-of-use.

R&D Expenditure
(Millions of yen)



Others

1.

IPLEX-MXR industrial videoscope

- > Olympus has added to its IPLEX-MXR series of industrial videoscopes a light, compact videoscope with a fine external diameter of just 4.4 mm, which is effective even with narrow openings, broadening our lineup and expanding potential applications of our industrial videoscopes.

2.

OSferion 60 bone replacement material

- > Olympus developed and released OSferion 60 bone replacement material with enhanced mechanical strength, for application in cases that require implanting by press-fitting. This augments our lineup of bone replacement material that uses high-purity β -tricalcium phosphate as the main ingredient.

3.

Dental shade analysis system with high-precision measuring abilities

- > Olympus developed the Crystaleye color analysis system for use in dentistry. Precise analysis of color information is possible through the use of a seven-band LED light source. The shade of a patient's teeth can be judged much more accurately and easily than with the naked eye.



R&D Expenditure by Segment
(%)

