

# INTELLECTUAL PROPERTY REPORT

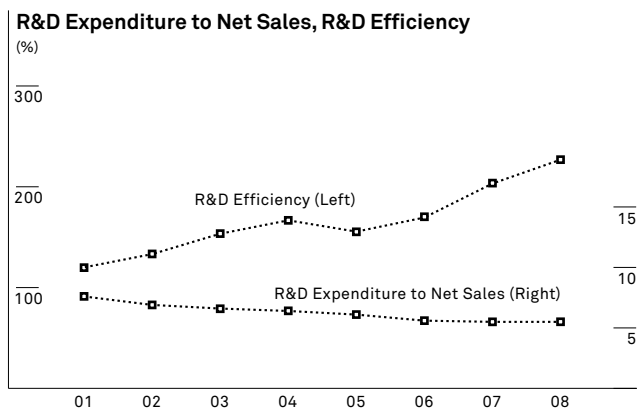
## Core Technology and Business Models

➤ Olympus' management focuses on strengthening the Company's technological capabilities with the aim of becoming an even more advanced technology-oriented company.

Olympus' core competence is in Opto-Digital Technology, a fusion of the latest digital and optical technologies accumulated by the Company over many years. In order to further strengthen this core competence, Olympus has positioned the following technologies as fundamental and common to the Olympus Group as a whole: optical technology—the science of capturing and controlling light; electronic imaging technology—the manipulation of digital images captured from light; precision technologies—the technologies to create products accurately and control them precisely; and cell-related technology, which enables live cell observation and cell separation culturing that is indispensable for establishing regenerative medicine. By effectively channeling R&D resources to sharpen its competitive edge, the Company continues to create new levels of value for its Imaging Systems, Medical Systems, Life Science and Industry-Related businesses.

In the fiscal year ended March 31, 2008, Olympus' R&D expenditure amounted to approximately ¥65.9 billion, accounting for roughly 5.8% of net sales.

Olympus continuously enhanced its R&D efficiency in fiscal 2008. Based on this achievement, Olympus will make ongoing efforts to strengthen its existing businesses, while aggressively investing in M&A and R&D for the next generation of businesses.



Notes: R&D expenditure to net sales and R&D efficiency are calculated on the basis of the IP strategy index set down by the Ministry of Economy, Trade and Industry.  
 R&D efficiency rate = Total operating income (2004-2008) / Total R&D expenditure (1999-2003)  
 R&D expenditure to net sales = Total R&D expenditure over five years / Total net sales over five years

## R&D Activities and Business Strategy

➤ In an effort to further strengthen its Opto-Digital Technology, Olympus is currently engaged in R&D activities in the following four core technologies.

In the optical technology field, the Company is continuously undertaking R&D in areas including the application

of spectroscopic technology to diagnostic technology, and usages of high-performance optics such as large-diameter aspheric lenses, pursuing the infinite possibilities presented by the application of light. One of the Company's achievements is the development of a new optical axisymmetric free curvature lens that enables omnidirectional image projection and shooting.

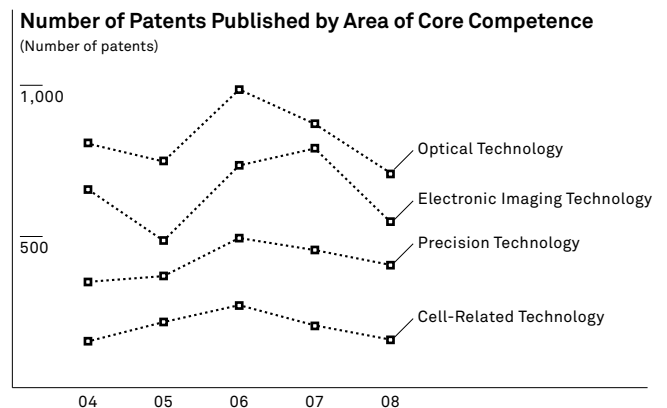
In the electronic imaging technology field, Olympus is channeling its R&D results into its individual business segments. R&D projects in this field cover such technologies as digital image processing, custom imager design and advanced, high-definition image mapping. Examples are the Face Detection and Shadow Adjustment Technology, which prevents backlighting failures by detecting faces and automatically adjusting the exposure to include the background, and High-Speed Imager AF.

In the precision technology sphere, the Company focuses on R&D for Microelectromechanical Systems (MEMS), incorporating such technologies as ultra-fine processing, ultra-precision processing, micro mounting, and micro sensors and actuators. These technologies are essential elements of the key parts and components that distinguish Olympus' products from those of its competitors in various fields. Some examples are the ultrasonic actuators installed in digital SLR cameras for industry-best image stabilization, ultrasonic motors for interchangeable lens-type digital SLR cameras, optical encoders and AF sensor modules.

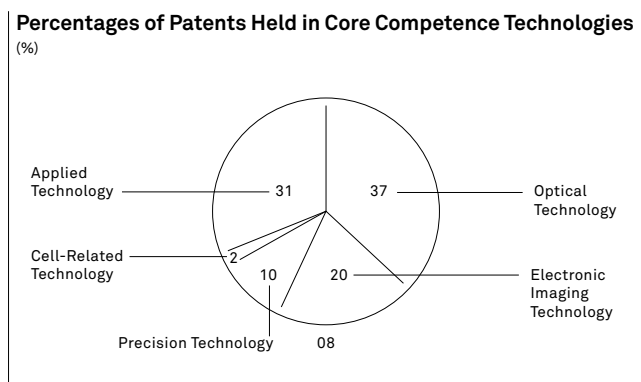
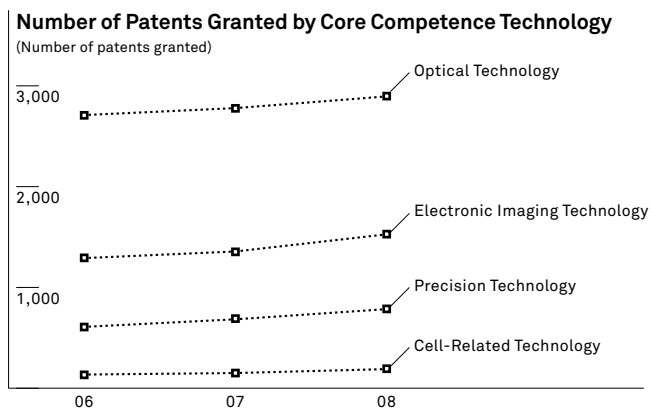
Cell-related technology at Olympus, which is aimed at creating new business opportunities in the fields of bioscience and regenerative medicine, is supported by R&D in such areas as live cell analysis and manipulation technologies and cell separation culturing technologies. To name just one of the achievements, OSferion artificial bone replacement material has now been commercialized.

## R&D Segment and IP Overview

➤ The following graphs show the number of published patents Olympus possesses in its areas of core competence, as well as the number of such granted patents in relation to its overall patent portfolio.



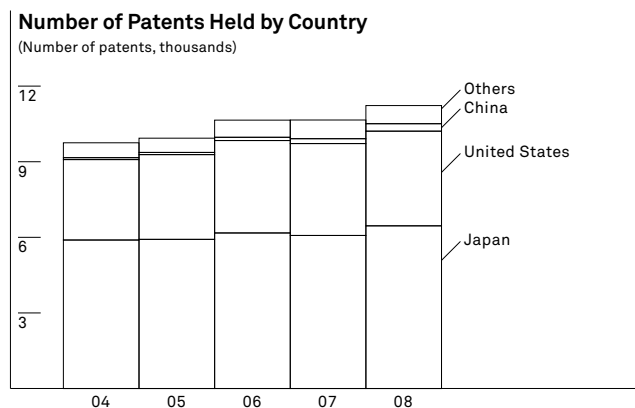
As the second graph shows, Olympus has been increasing the number of patents granted for each core competence technology by carefully screening technologies before applying for patents. In addition, the percentage of patents acquired in core competence technologies rose 3% year on year in relation to overall patents, showing the fruits of Olympus' selection and concentration of technologies based on its R&D strategies.



**Contribution of the Patent Portfolio to Company Business**

› Olympus actively pursues a policy of converting R&D results into patented IP while strictly screening which technologies to apply for patents. The achievements of this policy over the past five years, broken down by country, are shown in the chart below. Particularly in China, both an important base for production and an irreplaceable market, Olympus held 296 patents as of March 31, 2008, a year-on-year increase of 103 patents. We will make continuous efforts to raise the ratio of patent grants received to total patent applications in Japan while increasing patent applications and grants overseas. In addition, we will strengthen our relationships with overseas affiliate companies that conduct R&D, thereby reinforcing our Groupwide IP portfolio on a global basis.

The number and ratio of Olympus' patents in each business area at the end of the fiscal year ended March 31, 2008 are shown in the table below. Olympus holds patents that offer business potential in each of its Imaging Systems, Medical Systems, Life Science and Industry-Related businesses. The Company's core Imaging Systems and Medical Systems businesses account for 67% of all patents held.



**Number and Ratio of Patents Held by Business Group**

	Imaging Systems	Medical Systems	Life Science	Industry-Related	Corporate R&D Center	Total
Japan patents .....	1,985	2,451	668	203	1,060	6,367
% to total (%) .....	31	38	10	3	17	100
U.S. patents .....	1,383	951	401	155	777	3,667
% to total (%) .....	38	26	11	4	21	100
China patents .....	195	24	47	6	24	296
% to total (%) .....	66	8	16	2	8	100
Other patents .....	101	301	182	14	117	715
% to total (%) .....	14	42	25	2	16	100
Total .....	3,664	3,727	1,298	378	1,978	11,045
% to total (%) .....	33	34	12	3	18	100