

OLYMPUS

Your Vision, Our Future

**Olympus Group
2010 Corporate Strategic Plan
(March 2011-March 2015)**

May 12, 2010

Olympus Corporation

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Review of 2006 CSP (March 2007-March 2010)

Priority Items	Initiatives	Preparations for New Medium-Term Plan
High growth and high returns in Medical and Life Science segment	<p>Medical Systems</p> <ul style="list-style-type: none"> •High growth and high income, centering on surgical and endo-therapy products •Foundations for further growth laid through acquisition of Gyrus <p>Life Sciences</p> <ul style="list-style-type: none"> •Divestiture of diagnostic system business for long-term reasons 	<p>Medial Systems</p> <ul style="list-style-type: none"> •Maximizing synergies with Gyrus, expansion of surgical business <p>Life Sciences</p> <ul style="list-style-type: none"> •Development of high-income structure for microscope business
Continued development of income structure in Imaging System segment	<ul style="list-style-type: none"> •Introduction of Micro Four Thirds system •Development of income base through inventory management and platform reform 	<ul style="list-style-type: none"> •Establishment of business foundation for SLRs •Continuing development of income structure (reinforcement of product lineup, expansion of presence in emerging economies)
Business creation potential	<ul style="list-style-type: none"> •Dynamic expansion into medical and healthcare fields 	<ul style="list-style-type: none"> •Early development of investment targets
Quantitative results	<p>March 2008: Operating income of ¥112.6 billion, ¥100 billion target achieved March 2009: lower income because of changed external environment (medium-term plan extended by one year, cost structure reforms implemented)</p>	

Centenary Vision : The Olympus Group in 10 Years

Centenary Vision : The Olympus Group in 10 Years

We will bring innovation to peoples' lives and society with our world leading imaging, medical and life science technologies. We seek to be admired in international society through all of our activities.

We will promise to make peoples' lives healthier, safer, more secure and more fulfilling by supplying products and services that are supportive of people, society, and the earth.

We will strongly commit to environmental management and will continue to be one of the most environmentally efficient companies in the world.

**2010 CSP
(March 2011-March 2015)**

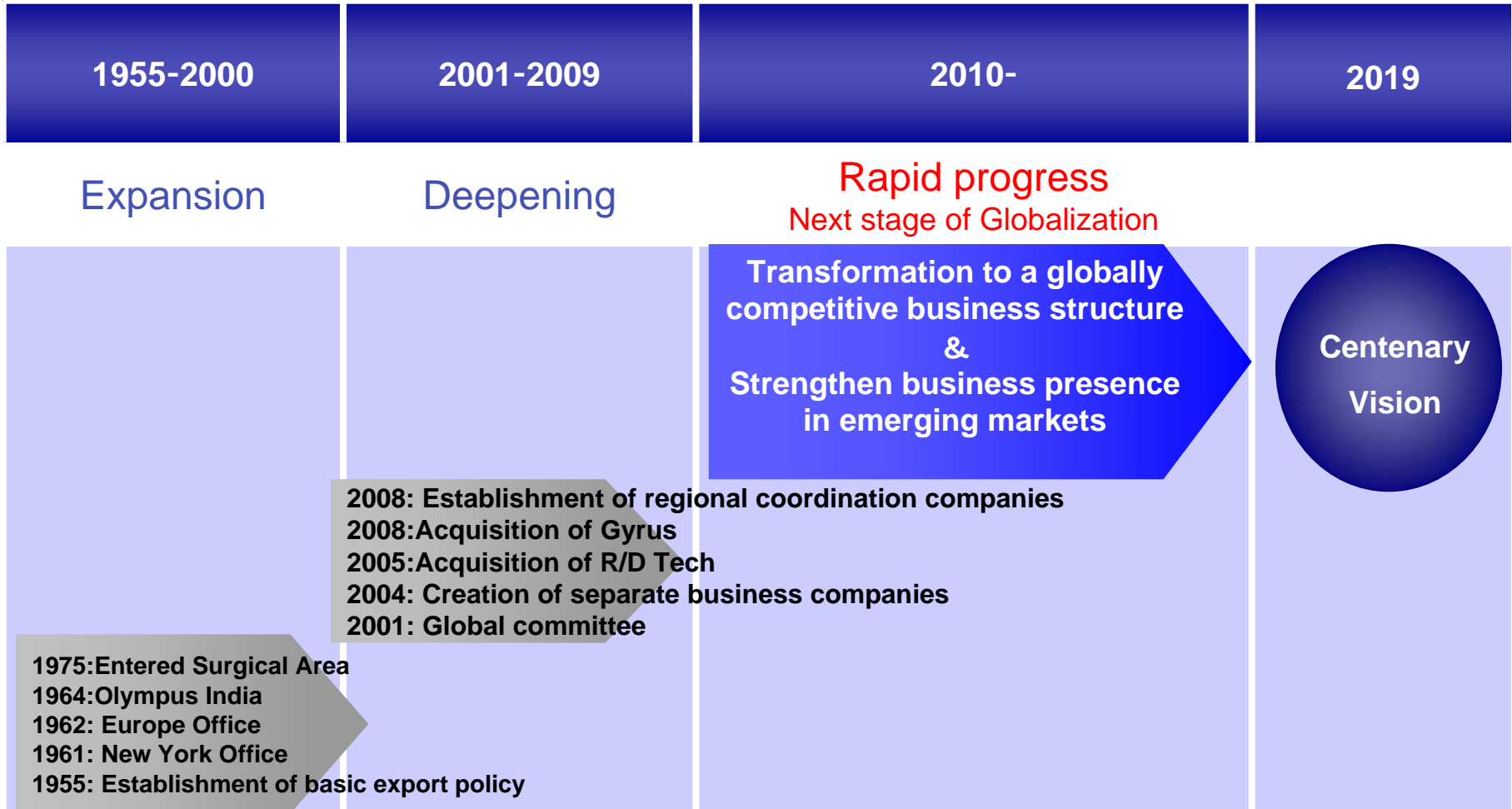
—Advancing to the Next Stage of Globalization—

○ Transformation to a globally competitive business structure

○ Strengthen business presence in the emerging markets

2010 CSP — Management Slogan

The History of Olympus' Globalization



Five Key Policies

Expanding business development efforts in Chinese and Asian markets

Reinforcement of business infrastructure for global management

Establishment of business foundation for interchangeable lens system digital cameras

Expansion of surgical business (growth to same scale as endoscope business)

Increased focus on new business development

Quantitative Targets

○ Rapid growth combined with improved earning performance

(Billions of yen)

	2011/3	2013/3	2015/3	Average annual growth rate
Imaging	195.0	320.0	370.0	16%
Medical	365.0	460.0	550.0	9%
Life sciences, industrial	103.0	120.0	155.0	6%
Information and Communications	202.0	255.0	300.0	10%
New businesses	55.0	95.0	125.0	18%
Consolidated net sales	920.0	1,250.0	1,500.0	11%
Operating income	63.0	100.0	150.0	---
Operating income/net sales (%)	6.8%	8.0%	10.0%	---

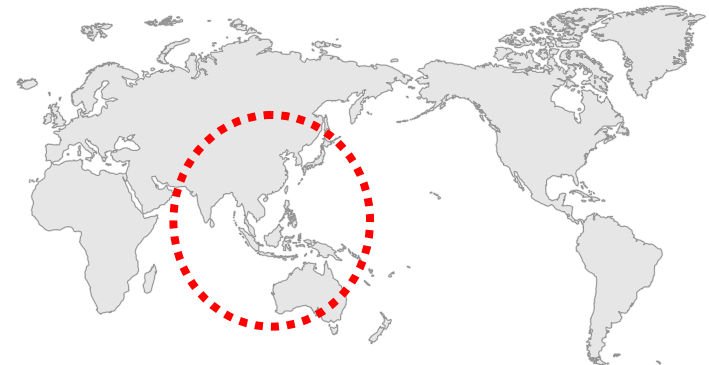
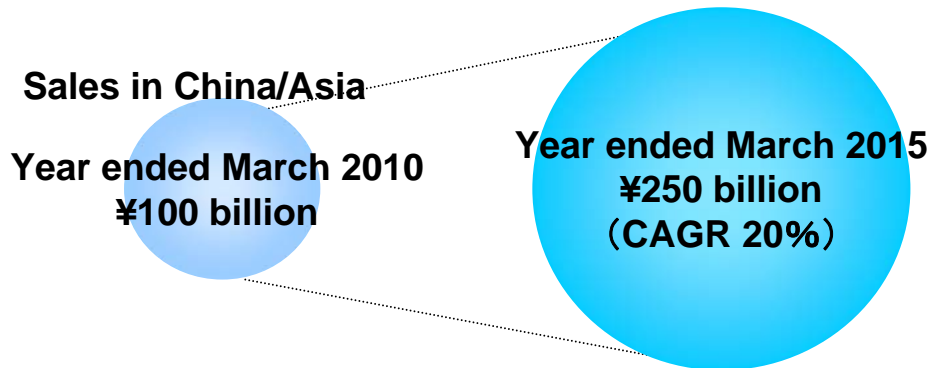
Currency assumption: 1 US dollar = 90 yen, 1 euro = 120 yen.

Corporate Strategy

China/Asia Strategy

Basic Policy

- Raise the position of the China/Asia market to a level of sales and share comparable to our three main areas, North America, Europe and Japan
- Create a new business division to provide comprehensive support to the China/Asia market
- Target for March 2015 (five years from now): Consolidated net sales of ¥250 billion (compound annual growth rate (CAGR): 20%)



	Imaging	Medical	Life Science/Industrial
China	Reinforcement of sales structure and network	Efforts to increase number of doctors using endoscopes Reinforcement of sales structure and network	Reinforcement of sales structure and network
India		Start-up of operations by local subsidiary in April 2010	
Southeast Asia		Reinforcement of sales organization and network and sales structure	

Reinforcement of Business Infrastructure for Global Management

Basic policy

- Concentrate during the first two years on refining preexisting business structure to boost a new growth drive
- Reinforcement of business infrastructure and production structure on a global basis

Global business infrastructure

- Efficient, flexible global management organization

- Shared group management rules
- Shared group information management
- Shared group operations
- Shared group human resource development

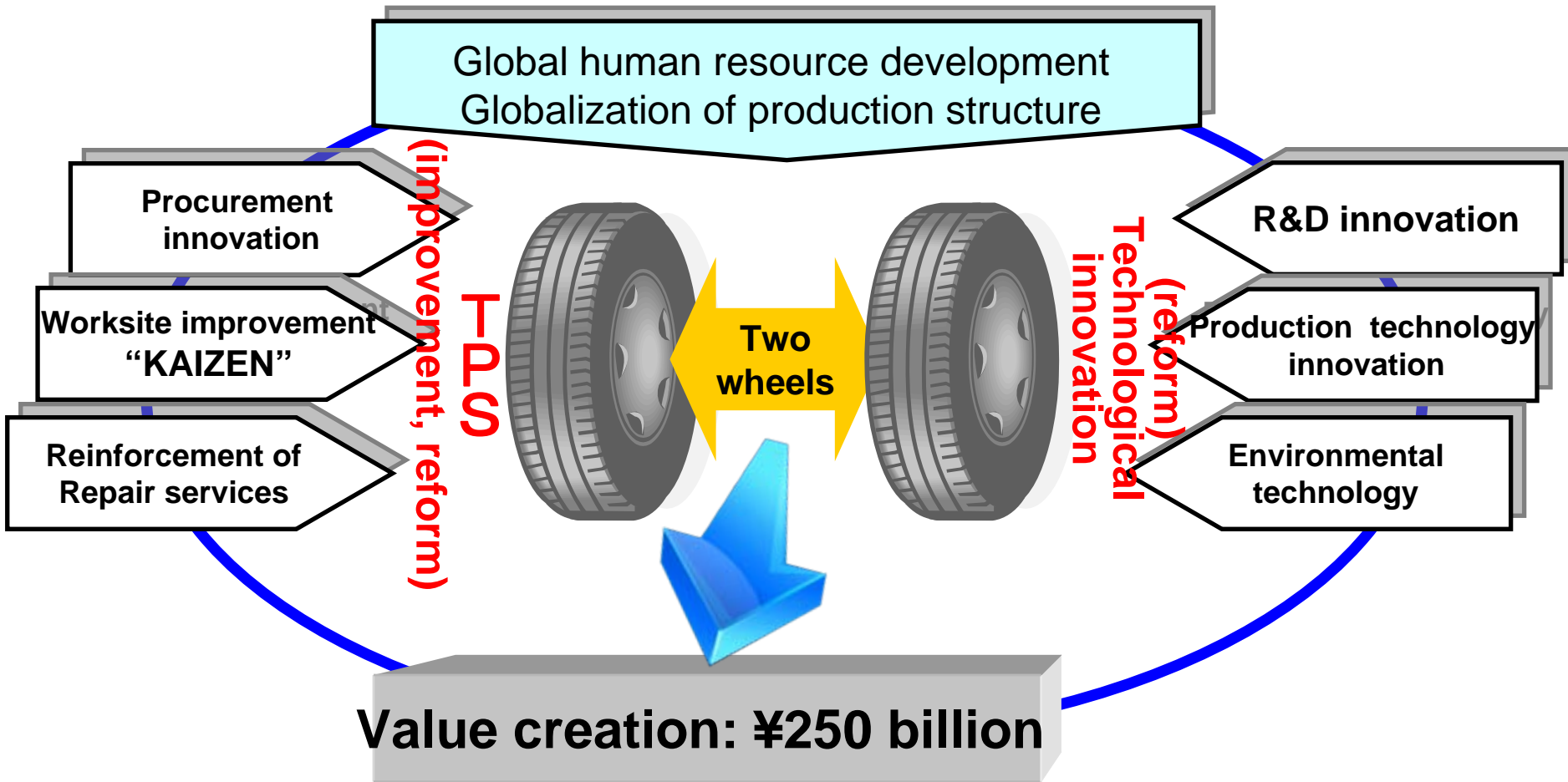
Global production structure

- Development of production structure that can cope with changes in demand and exchange rates

- Expansion of production capacity, especially overseas, without adding new production sites
 - Multi-segment plants
 - ✓ Multi-segment plants established in Vietnam and in China
 - Keeping pace with expansion of surgical business (e.g. production near consumption areas)

Monozukuri (Manufacturing) Innovation

Establishment of Manufacturing Innovation Center
Worksite improvement and reform and technological innovation as
two wheels on the manufacturing innovation axle



A Leading Company from an Environmental Perspective



Action target: To halve CO₂ emissions compared with 2007 level by 2020

- Reduction of product-related CO₂ emissions through energy and resource conservation technology and other means
- Reduction of production-related CO₂ emissions through the use of micro-factories and the improvement of processing methods
- Increased emphasis on development of cyclical manufacturing technologies



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Timber compression technology
(resource conservation technology)



Micro-factory production system
(production-related energy conservation)

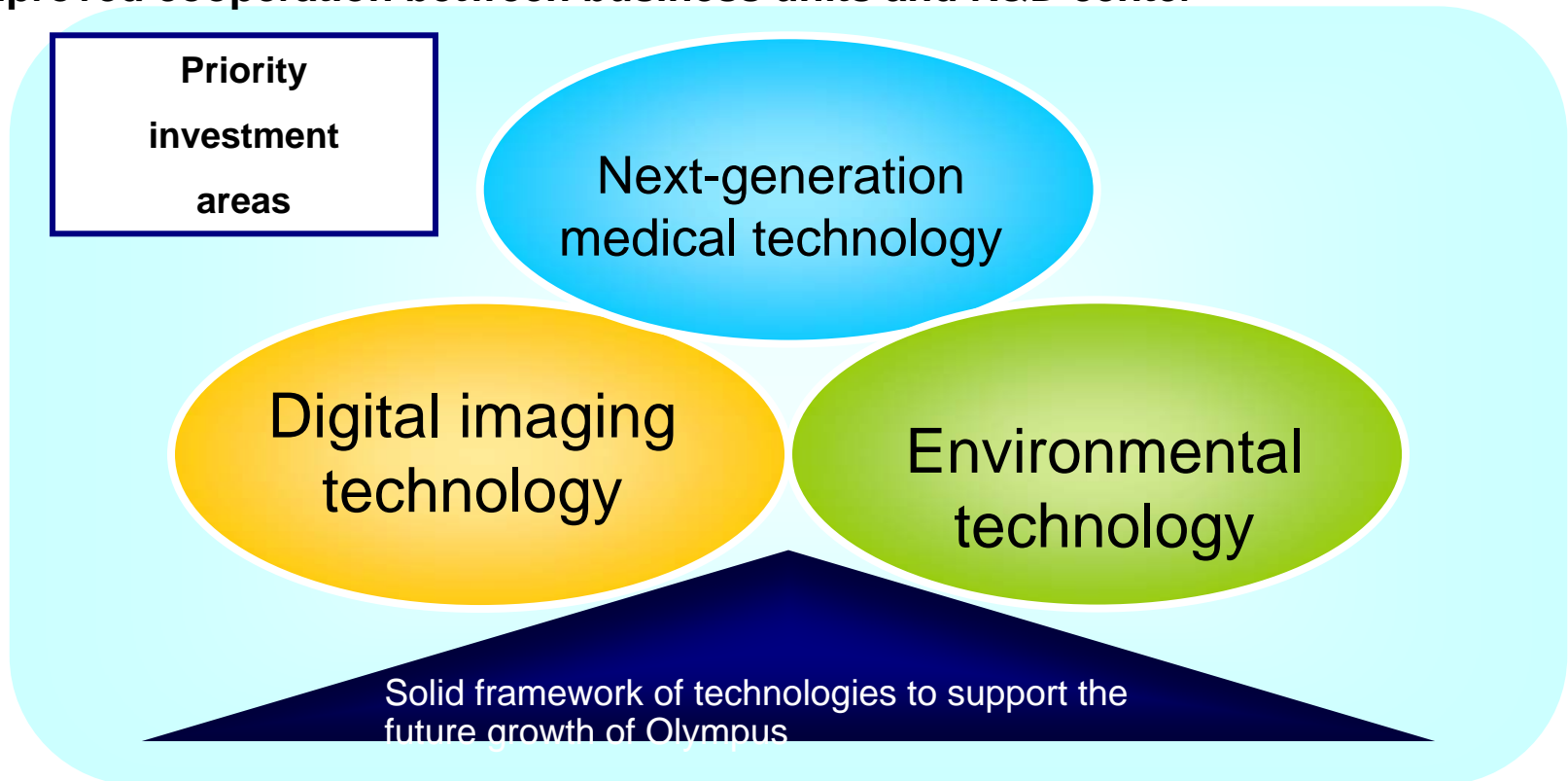


Conversion of waste plastic into oil
(cyclical manufacturing technology)

Research and Development

Basic Policy

- Transition to a leaner business structure through the reinforcement of strategic functions and the improvement of development efficiency.
- Concentration of resources and improvement of operating efficiency through improved cooperation between business units and R&D center



Segment Strategies

Imaging Business

○ Establishing solid foundation for the digital SLR camera business and achieving high growth

Digital SLR Cameras

- Further expansion of Micro Four Thirds system business (increased investment in development of technology and products)
- Investment to strengthen the PEN brand
- Further reinforcement of marketing and sales networks and service organization in major markets (Japan, America, Europe)
- Global share of 20% in five years (March 2015)



Compact Digital cameras

- Reinforcement of product planning capabilities
- Solutions that offer new ways to use photographs
- Reinforcement of manufacturing systems to cut costs (optimization of production structures)
- Global share of 15% in five years (March 2015), provided that profitability can be maintained.



Medical Business

○ **Establishment of business infrastructure with a view to the achievement of sales of ¥1 trillion 10 years from now (in the centenary year)**

Priorities

- **Growth of surgical business, especially energy devices and endo-therapy products, to the same size as the endoscope business**
- **Further reinforcement of Olympus' advantage in the area of global service organizations and infrastructure**
- **Expansion of China/Asia market (sales) to ¥100 billion or more five years from now**
- **Establishment of development and manufacturing systems that match the characteristics of the three blocks (North America, Europe, Japan/Asia)**

(Billions of yen)

Net sales	March 2011	March 2013	March 2015	Average annual growth rate
Endoscopes	195.4	229.0	264.0	7%
Surgical and Endo-therapy	169.6	231.0	286.0	12%
Medical total	365.0	460.0	550.0	9%

Medical Systems Business (Individual Fields)

Endoscope

- Introduction of next-generation systems and achievement of overwhelming differentiation advantage (e.g. improvement of image diagnosis accuracy)
- Accelerated expansion into respiratory and non-cancer disease fields
- Capsule endoscopes: development of technology to expand range of applications to include small intestine, stomach, etc.

Surgical

- Achievement of 30% global market share in the field of energy devices through the introduction of new products based on synergies with Gyrus
- Achievement of global market share of 30% in the imaging field through the establishment of systems based on early diagnosis, and the expansion of the operating room (OR) business
- Expansion of patient contacts through use of NOTES and LESS



Image of a surgical procedure using LESS

Endo-therapy

- Achievement of top global market share (30%) through expansion of product line-up and introduction of strongly differentiated products
 - Development of new guidewires for endoscopic procedures (in collaboration with Terumo)
 - Development of metallic stents for bile ducts (in collaboration with Medinol)



Guidewires

Life Science Business, Industrial Business

○ Building the income base through the consolidation of existing business infrastructure

Microscopes

- Reinforcement of income and business structures in three core areas (biological microscopes, live-cell imaging systems, industrial systems)
- Business expansion through the creation of new markets, including the automated pathology market
- Reinforcement of global production structures to create a business structure capable of withstanding currency and demand fluctuations
 - Multi-segment plant for imaging and life science products (China)



BX Series biological microscope system

Non-destructive testing

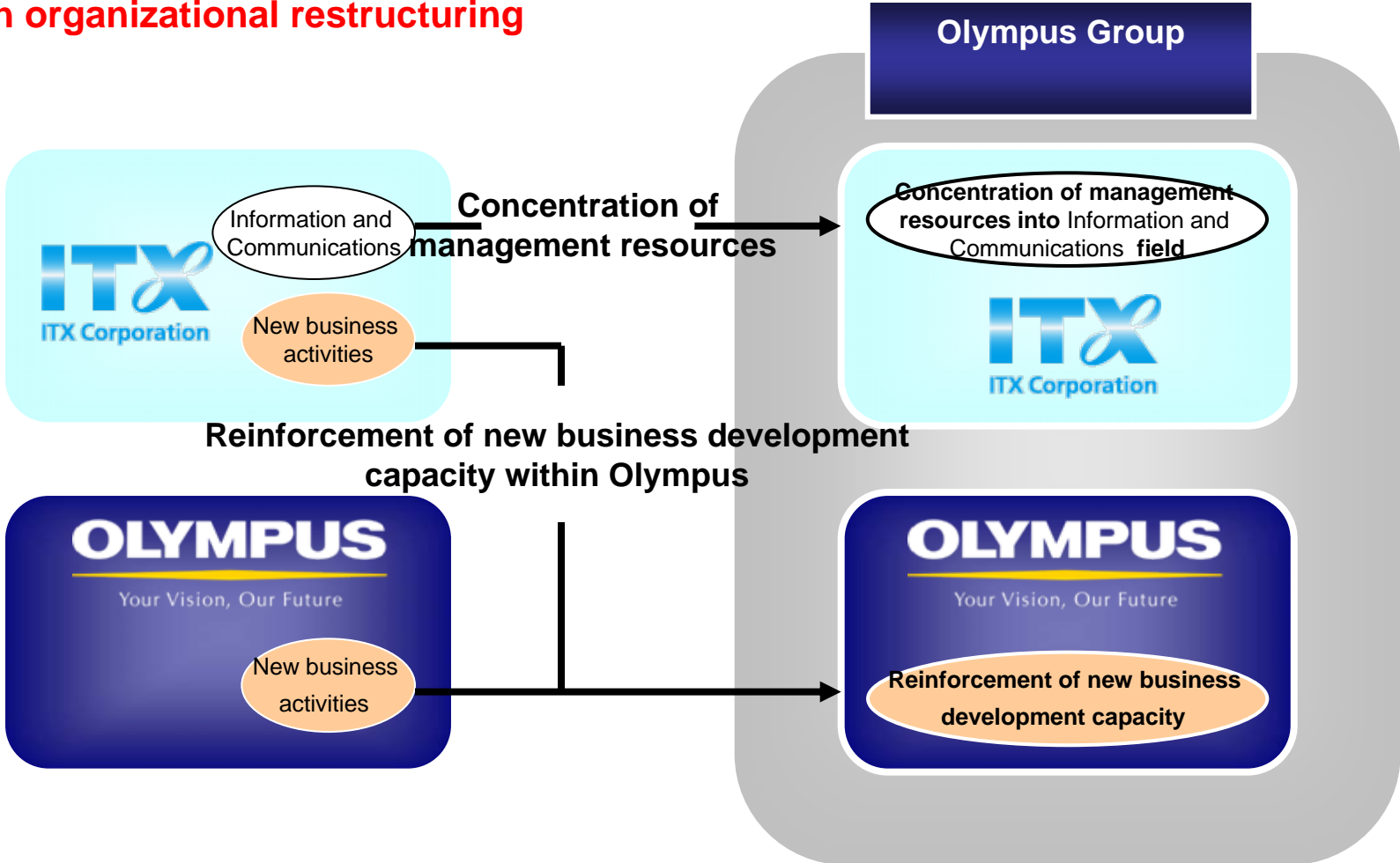
- Reinforcement and expansion of existing business
- Expansion of business domain to include all aspects of industrial testing (testing, measurement, analysis), after careful analysis of investment efficiency



Industrial videoscope

Information and Communications/New Business Activities

○ Reinforcement of total group capabilities: Reinforcement of competitiveness of Information and Communications business and capacity to develop new businesses through organizational restructuring



New Business Development

Medical Recycling Business

- **Recycling of medical waste (contagious waste, including endo-therapy products, syringes and transfusion packs)**
 - **Completion of second plant (Nagano) in 2010**
 - **Expansion of business to Kanto, Koshin'etsu and Tokai regions in Japan**
 - **Exploration of overseas markets (Asia)**

Regenerative Medicine

- **Trauma therapy**
 - **Development, manufacture and sales in Europe and North America (in collaboration with Kaken Pharmaceutical)**

Policies on Shareholder Returns and Capital Investment, Financial Policy

Shareholder returns

We will provide reliable, sustainable dividends, while also focusing on financial soundness and long-term strategic investment.



Cash flows

Capital investment

We will drive a transition to a lean and muscular corporate structure through highly focused investment based on thorough cost-benefit analyses. The cumulative total will be approx. ¥230 billion over a five-year period.

Financial policy

We will strengthen our financial structure by identifying cash flows generated by business activities.

- End of March 2015: Equity ratio of 25% or higher
- End of March 2015: Net DE ratio of 100% or lower

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