



May 30, 2005

Olympus Announces Policy on Large Acquisitions of Olympus Shares

Olympus Corporation (President Tsuyoshi Kikukawa) today announced that a meeting of the Board of Directors of Olympus Corporation held on May 30, 2005 passed a resolution approving the following policy on large acquisitions of Olympus shares, which are defined as acquisitions that would result in any one party holding more than 20% of Olympus' shares. The purpose of this policy is to serve the common interests of shareholders by stably and sustainably maintaining and increasing Olympus' corporate value.

1. Purpose of the policy

The basic philosophy informing all of the corporate activities of the Olympus Group ("Olympus") is what we call "*Social IN.*" Olympus seeks through its business activities to propose new values to society that will enable consumers to live healthy, happy lives, and we seek to do so in a way that integrates the Group into society and shares the values of the communities we serve.

Based on this philosophy, Olympus utilizes its core competence in "OPTO-Digital Technology" (optical technology, digital imaging technology and micro-fabrication technology) to continuously create the new values that are truly sought and desired by society, delivering them in a timely manner that stably and sustainably increases the value of the company and contributes to the common interests of our shareholders.

Recent years have seen many changes to the structure of the Japanese business community, including the unwinding of cross-shareholding arrangements and the creation of a new legal framework. This in turn has made "hostile takeovers"—acquisitions made without the consent of the Board of Directors of the company being acquired—more common.

Olympus does not indiscriminately reject acquisitions if they contribute to the interests of the company and its shareholders. Olympus also believes that the shareholders must make the final decision on any proposed acquisition that would involve a transfer of corporate control.

Nevertheless, there are some forms of corporate acquisition which are not appropriate: Those that obviously, in terms of their objectives, would harm the value of the company; those that would attempt to coerce shareholders into accepting; those that move forward without sufficient information being provided about the acquisition and the acquirer; those that do not provide sufficient time for the company's board to develop an alternative proposal; and those that would harm the value of the company by harming the interests of stakeholders such as employees, customers, suppliers and others.

Olympus is a company that maintains and increases its value by developing and deploying advanced technologies and innovative manufacturing techniques within its organization.

Companies such as this require years and even decades for their research and development findings to lead to new businesses and products. Olympus believes, therefore, that it is essential for management to be based on long-term-perspectives and commitment to employees. This is what enhances the unique human capital of the company and ultimately enables it to maximize its corporate value.

Olympus is made up of a large number of companies active in a variety of business areas, including imaging, medical, life sciences, industrial and information & communication businesses. In many cases, the research and development results and expertise that drive the corporate value are treated as corporate secrets. Because of this, when shareholders are presented with an acquisition proposal, it is not necessarily an easy task for them, within a limited period of time, to accurately grasp the potential of the company's research and development findings and expertise, understand the organic linkages and technical synergies among companies, and assess the true value inherent in the Group.

As a result of these circumstances, the Board of Directors requires the ability to take appropriate countermeasures in the event of undesirable takeover attempts such as those described above.

2. Outline of the policy

The Board of Directors may take appropriate countermeasures, including the following, in the event that shares in the company are acquired or there is a proposal to acquire them such that the acquirer's stake would exceed 20% of the total shares in the company. In doing so, the Board of Directors will be mindful of the need for appropriate and timely disclosure and will be advised by a special committee described more fully in Section 3 below.

(1) Gather full information on the proposed acquisition and acquirer by seeking detailed, specific information on the proposal from the acquirer. This information shall at a minimum include the following:

Profile of the acquirer and its group (including names and capital structures etc.)

The purpose, method and nature of the acquisition (including the acquisition price, the form of consideration for shareholders, the valuation rationale, demonstration of adequate funding for the acquisition, schedule and transactional framework)

Profile of the party or parties funding the acquirer (including names and capital structures etc.)

Management policies and business plans of the acquirer for the Group

Measures for sustainably and stably increasing the corporate value and rationale demonstrating that those measures will indeed increase the corporate value

Whether the acquirer plans changes in the Group's relationships with its employees, suppliers, customers, and communities, and a description of any such changes

Any other additional information that may be required from the acquirer

(2) If the acquirer puts forth a specific acquisition proposal, the merits of the proposal will be studied and determined in light of the following perspectives:

Has sufficient information been furnished for the study of the acquisition proposal?

Has a reasonable period of time been provided for the Group's management team to study the acquisition proposal, including comparing the acquirer's proposed business plan with the company's own business plan, and formulate an alternative proposal?

Is there an obvious indication, in light of the purposes etc. of the acquisition, that the acquisition would harm or diminish the company's corporate value?

Does the transaction scheme for the acquisition attempt to coerce shareholders into accepting?

Are the terms of the acquisition (amount and form of consideration for shareholders, schedule of acquisition, legality of acquisition methods, probability of success, guidelines on the treatment of interested parties after acquisition etc.) sufficient and appropriate in view of the fundamental value of the company?

Are the acquisition and related transactions potentially against the interests of stakeholders such as shareholders, employees, suppliers, customers, communities or others?

(3) When necessary, the board will consult and negotiate with the acquirer and seek improvements etc. in the terms of the acquisition.

(4) The board will seek to ensure that it has the necessary and sufficient time to take steps (1) through (3), formulate an alternative proposal to that of the acquirer, and compare the acquirer's proposed business plan with the company's.

(5) The board will take reasonable countermeasures, should they be necessary, to ensure the maintenance, preservation and improvement of the company's corporate value.

3. Study and decision-making process

In conjunction with the adoption of this policy, the Board of Directors has resolved to appoint, conditional upon approval of the shareholders at the Ordinary General Meeting of Shareholders scheduled for June 29, 2005, two new outside directors who are independent of the management team. The purpose for doing so is to strengthen the company's governance by ensuring that the plan is implemented in a reasonable and objective manner and that it is not used merely for the self-defense of the management.

In studying any acquisition proposal, the Board of Directors will be advised by a special committee comprised of three members, including the two new outside directors and one outside expert independent of the management team. This committee will be responsible for reviewing the merits of the acquisition proposal in consultation with legal counsel, financial advisers, accountants and other outside experts, and advising the Board of Directors. In reaching its final decision, the Board of Directors will respect the advice of the committee as much as possible. If it

is decided that countermeasures will be taken against an acquirer, similar procedures will be followed in making any subsequent decision to suspend these countermeasures.

4. Possible countermeasures

The Board of Directors may take reasonable countermeasures to protect the interests of the company and its shareholders if it determines, in light of the advice of the special committee described above, that an acquisition proposal would harm the interests of the company or its shareholders.

Countermeasures may include, but are not limited to, stock splits, issues of stock acquisition rights and issues of new shares so as to significantly dilute the acquirer's holdings in the company.

5. Impact on shareholders and investors

(1) Impact on shareholders and investors when countermeasures invoked

If countermeasures are taken against an acquirer, the Board of Directors will endeavor to provide shareholders with the appropriate disclosure as warranted by the circumstances and will take appropriate care as warranted by the circumstances to ensure that shareholders and investors other than the acquirer are not disadvantaged.

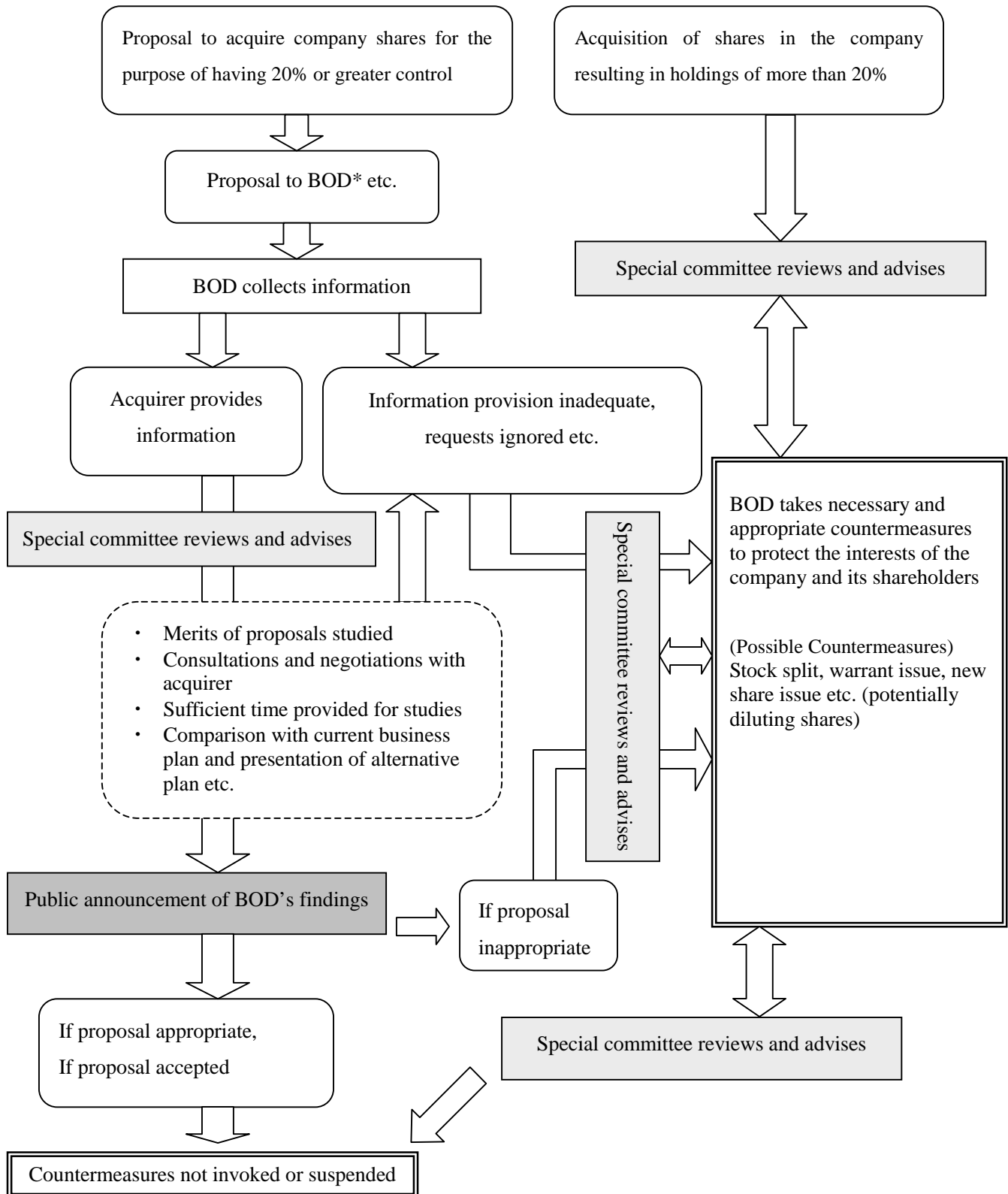
(2) Shareholder procedures required to invoke countermeasures

Shareholders must complete stock transfers by registering the change in owner no later than the record date that will be announced separately. Having done so, shareholders will need to apply for and follow the procedures regarding allocation of stock acquisition rights to shareholders (issue price, payment of exercise price etc.) or apply for and follow procedures regarding the allocation of new shares to shareholders (payment of issue price etc.). In the event of a stock split, shareholders will need to follow the designated procedures and receive newly issued share certificates from the company.

6. Review of the policy

The Board of Directors is not at this time aware of any signs of a specific acquisition proposal for shares in the company. This notice constitutes publication of general response guidelines that will be in effect for the foreseeable future should an acquisition proposal arise. The company intends to continue to study the countermeasures that may be taken against acquisitions that would threaten corporate value, keeping abreast of any future amendments to the legal system, revisions to the rules of stock exchanges etc., and the emergence of social consensus and rules regarding corporate defense. It may modify this policy or introduce a new policy as required.

[Policy on Large Acquisitions Olympus Shares]



* BOD: Board of Directors