

May 10, 2006

To whom it may concern:

**Introduction of Countermeasures to Large-Scale Acquisitions of
Olympus Corporation Shares (Takeover Defense)**

Olympus Corporation (the “Company”) announces that at a meeting of its board of directors held on May 10, 2006, the Board resolved to introduce a plan for countermeasures to large-scale acquisitions of the Company’s shares (takeover defense) (the “Plan”), as set forth below, for the purpose of ensuring and enhancing the corporate value of the Company and, in turn, the common interests of its shareholders. The Plan will be subject to shareholder approval at the Ordinary General Shareholders’ Meeting for the 138th fiscal year of the Company (the “Shareholders’ Meeting”). The previous plan based on the “Policy on Large Acquisitions of Olympus Shares” that the Company’s board of directors adopted by resolution at its May 30, 2005 meeting will be discontinued upon the approval of the Shareholders’ Meeting regarding the introduction of the Plan.

1. Measures for the Protection and Enhancement of the Company’s Value and the Common Interest of Shareholders

1.1 Source of Corporate Value and Common Interest of Shareholders

The basic philosophy informing all of the corporate activities of the Company is what we call “Social IN.” The Company 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 us into society and shares the values of the communities we serve.

Based on this philosophy, the Company strives to ensure and enhance its corporate value and, in turn, the common interests of its shareholders, through continuing to create new value that is truly sought by society, and providing this value in a timely manner.

The Company believes that the main source of this corporate value and, in turn, the common interest of shareholders is in “OPTO-Digital” Technology (optical technology, digital imaging technology and micro-fabrication technology), the strengthening of our

customer network, and world-wide brand power.

First, as a company that is in the manufacturing business, the Company has introduced a framework for research and development that allows us to thoroughly carry out basic research into cutting-edge-technology, such as OPTO-Digital Technology, and manufacturing technology. By continuing to take on the successive generations of technology, knowledge and know-how that the Company has accumulated over the many years, the Company has established a core pool of technology that is focused on a mid-to-long-term-perspective. The technology transition that has been fostered from this philosophy has borne fruit in the form of unique new products and business, such as the Company's endoscope business, and these have led to the Company being able to contribute new value to society.

In addition, it is vital for the creation of a competitive business model that the Company strengthens its cooperative relationships and its customer network, particularly in the medical treatment business, which is one of the mainstays of the Company's earnings. The promotion of information sharing and exchange with medical experts, who lead the way in the formation of general opinion, and the timely supply of products and services that respond to the needs of practitioners and patients in the field of medical care, are deciding factors in maintaining the high earning power of the Company's medical treatment business.

Also, in the Company's consumer business area, which is focused on its digital camera business, the Olympus brand is highly regarded not only in Japan but also in the United States and Europe. In the future as well, the Company believes that the further development of the Company as a world-wide brand in the consumer market will play a major role in the creation of a stable earnings base and the recovery of its value-creating capability.

With the above goals in mind, the Company has created a new mid-term business plan named as the "06 Corporate Strategic Plan (CSP)", which aims at revising and reinforcing the business structures of all its existing business and taking its value-adding ability to the next level. Through the adoption of this plan and the examination of new businesses with which to secure the its future, the Company aims to maintain and increase its stable and continuous growth of the corporate value of the Company and, in turn, the common interests of its shareholders.

1.2 Outline of the “06 CSP”

The business objective of the “06 CSP” is maximization of corporate value, and this will be achieved through the recovery and increase of the Company’s value-creating power. The plan aims at raising the Company’s sales for the last fiscal period of the plan (March 2009) to 1.2 trillion yen or 1.2 times the sales in the most recent fiscal period (March 2006), and to increase the Company’s operating profit by a factor of 1.5, to 100 billion yen.

The basic strategy for business development in the area of medical systems business centered on endoscopes for medical use, is to provide safe, comforting and highly-effective means and to make a contribution to society through reducing the cost of medical treatment and improving the quality of lives of patients, and to increase the Company’s profits. The Company’s basic strategy in the area of life sciences business is to further advance its existing businesses by seeking long-term growth in the next generation of medical care which will involve the provision of the best methods for prevention and treatment to each and every person. Also, in the area of its imaging system business, the Company will create a foundation for continuous earnings by focusing its resources in the digital SLR camera, digital compact camera and optical component businesses, and through the comprehensive introduction of a philosophy of “choice and focus”.

Together with these steps, the Company will pour its energies into the creation of new businesses, nurture the development of ancillary businesses in the fields of medical, health care, imaging and information. In addition to undertaking the necessary strategic investments to achieve these goals, the Company will aim to strengthen its financial position by consolidating and reducing its interest-bearing debts. (For the details of the “06 CSP”, please refer to the separate press release from the Company.

1.3 Strengthening of Corporate Governance

Since 2001, the Company has been promoting reforms to its management structure, such as the reduction in the number of directors and the shortening of the term of office of directors to one year. Further, at the Ordinary General Shareholders’ Meeting held on June 29, 2005, the Company appointed two outside directors who are independent of the Company, and endeavors to bolster the supervision of the performance of the

management. The Company is aiming to further strengthen this corporate governance in the future.

2. Purpose for Introducing the Plan

The Plan will be introduced for the purpose of ensuring and enhancing the value of the Company and, in turn, the common interests of its shareholders, as set forth below.

Recently, with the introduction of a new legal system and changes to the business framework as well as to the corporate culture, we have seen the advent of takeover activities involving the sudden, forced acquisition of a large number of the target company's shares, without affording the management of the company sufficient opportunity to discuss or consent to the acquisition.

The Company does not necessarily reject large-scale acquisitions if they would contribute to the corporate value and, in turn, the common interests of the shareholders. The Company believes that ultimately its shareholders in general must make the decision on any proposed acquisition that would involve a transfer of corporate control.

Nevertheless, there are some forms of corporate acquisition that do not serve the Company's value or the common interests of its shareholders: (i) those with a purpose that would obviously harm the corporate value of the target company and, in turn, the common interests of its shareholders; (ii) those with the potential to substantially coerce into selling their shares; (iii) those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the terms and conditions of the acquisition or for the target company's board of directors to make an alternative proposal; and (iv) those that require the target company to negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer or similar reason.

Particularly, for the Company to ensure and enhance its corporate value and, in turn, the common interests of its shareholders, it is vital that the Company: (i) prevent the outflow of its technological assets and human resources that have been built up over many years, and protect and nurture those assets and resources with a medium-to-long-term perspective; and (ii) put in place management that is focused on maintaining and strengthening its customer network and its brand power. Unless the acquirer of the proposed large-scale acquisition would ensure and enhance these aims

over the medium-to-long-term, the corporate value of the Company and the common interests of its shareholders would be harmed. When a takeover bid is made by an external acquirer, it is also essential to consider the effects of the proposed large-scale acquisitions on the corporate value and the common interests of its shareholders by understanding appropriately, in addition to the above factors, various other factors, such as the Company's tangible and intangible management resources, any latent effect that may arise in the future as a consequence of its measures, any effect on the synergies that are achieved through the organic linkage with group companies that are active worldwide in a multitude of fields such as medical treatment, imaging, life sciences, industry, information communication, as well as any other factors that constitute the corporate value of the Company.

In light of these circumstances, the Company's board of directors has determined that it is vital for the Company to establish a mechanism for defending against large-scale acquisitions that are contrary to the corporate value of the Company and, in turn, the common interests of its shareholders by ensuring, in the event of such an acquisition, either that shareholders are given the necessary time and information to determine whether or not to accept such large-scale acquisitions or that the Company's board of directors are given the necessary time and information to present to its shareholders alternative proposals, or by allowing the Company to negotiate with the acquirer on behalf of its shareholders in the event of such an acquisition.

For the above reasons, the Company's board of directors has decided to adopt the Plan, on the condition that it is approved at the Ordinary Shareholders' Meeting. For your information, the principal shareholders of the Company are shown in Attachment 1. It should be added that currently the Company is not aware of any specific threat of such an acquisition.

3. Plan details

3.1 Plan outline

(a) Establishment of procedures for triggering the Plan

In the case that there is an acquisition of share certificates or the like of the Company or any similar action, or a proposal for such action (the "Acquisition"), in addition to allowing for requests to the party effecting the Acquisitions (the "Acquirer") to provide information in advance relating to the Acquisitions, and securing time to conduct information collection and consideration with respect to the Acquisition, the

Plan also sets out procedures for presenting information such as plans and any alternative proposals of the Company's management to the shareholders, and for conducting negotiations with the Acquirers (for details see below at 3.2, 'Procedures for triggering the Plan').

(b) Use of a gratis allotment of Stock Acquisition Rights

If an Acquirer effects an Acquisition without following the procedures set out in the Plan or otherwise acts in a way that is deemed to be harmful to the Company's corporate value or the common interests of its shareholders (for details of these requirements, see below at 3.3, 'Requirements for the gratis allotment of Stock Acquisition Rights'), the Company will allot stock acquisition rights having an exercise condition that do not allow the Acquirers to exercise and an acquisition provision to the effect that the Company may acquire the stock acquisition rights from persons other than the Acquirers in exchange for shares in the Company (the main details of such stock acquisition rights are set out below at 3.4, 'Outline of the gratis allotment of Stock Acquisition Rights'; "Stock Acquisition Rights") by means of a gratis allotment of stock acquisition rights (prescribed by Article 277 onwards of the Corporation Act of Japan) to all shareholders at that time.

(c) Use of the Special Committee to eliminate arbitrary decisions by directors

In order to eliminate arbitrary decisions by directors in implementing the Plan, decisions relating to the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights, or the acquisition of the Stock Acquisition Rights, will be made through the objective judgment of a Special Committee composed of members who are highly independent, such as outside directors of the Company, in accordance with the Rules of the Special Committee (see Attachment 2 for an outline) and transparency will be ensured by timely disclosure to the Company's shareholders.

Upon the introduction of the Plan, the composition of the Special Committee established last year will be changed to be composed of five members who are highly independent from the management of the Company, being two outside directors, two outside statutory auditors and one expert as set out in Attachment 3 (see Attachment 2 for the standards for appointing members, requirements for resolution and resolution matters, of the Special Committee).

(d) Exercise of the Stock Acquisition Rights and the Company's acquisition of Stock Acquisition Rights

If a gratis allotment of Stock Acquisition Rights were to take place in accordance

with the Plan and either the shareholders other than the Acquirer exercises the Stock Acquisition Rights or the shareholders other than the Acquirer receives shares in the Company in exchange for the Company acquiring the Stock Acquisition Rights, then it would be possible for the ratio of Company shareholder voting rights held by the Acquirer to be diluted by up to a maximum of approximately 50%.

3.2 Procedures for triggering the Plan

(a) Targeted acquisitions

The Plan will apply in cases where there is an Acquisition that falls under (i) or (ii) below:

- (i) An Acquisition that would result in the holding ratio of share certificates, etc. (*kabuken tou hoyuu wariiai*)¹ of a holder (*hoyuusha*)² amounting to 20% or more of the share certificates, etc. (*kabuken tou*)³ issued by the Company; or
- (ii) A tender offer (*koukai kaitsuke*)⁴ that would result in the owning ratio of share certificates, etc. (*kabuken tou shoyuu wariiai*)⁵ of share certificates, etc. (*kabuken tou*)⁶ relating to the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*)⁷ totaling at least 20% of the share certificates, etc. issued by the Company.

(b) Request to the Acquirer for the provision of information

Excluding Acquisitions determined by the Company's board of directors to be

¹ Defined in Article 27-23(4) of the Securities and Exchange Act of Japan. This definition is applied throughout this document.

² Including persons described as a holder under Article 27-23(3) of the Securities and Exchange Act of Japan (including persons considered to fall under this provision by the board of directors of the Company). The same is applied throughout this document.

³ Defined in Article 27-23(1) of the Securities and Exchange Act of Japan. Unless otherwise provided for in this document, this definition is applied throughout this document.

⁴ Defined in Article 27-2(6) of the Securities and Exchange Act of Japan. This definition is applied throughout this document.

⁵ Defined in Article 27-2(8) of the Securities and Exchange Act of Japan. This definition is applied throughout this document.

⁶ Defined in Article 27-2(1) of the Securities and Exchange Act of Japan. This definition is applied in 3.2(a)(ii).

⁷ Defined in Article 27-2(7) of the Securities and Exchange Act of Japan (including persons considered to fall under this provision by the board of directors of the Company); provided, however, that persons provided for in Article 3(1) of the Cabinet Office Regulations concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from the persons described in Article 27-2(7)(i) of the Securities and Exchange Act of Japan. The same is applied throughout this document.

friendly Acquisitions, the Company will require any Acquirer conducting an Acquisition described above at 3.2(a) to submit to the Company in a form prescribed by the Company, before effecting the Acquisition, the information as described in each of the list below (“Essential Information”) and a written undertaking that the Acquirer will upon the Acquisition comply with the procedures established by the Plan (“Acquisition Statement”).

If the Special Committee determines that the information provided by the Acquirer is insufficient as the Essential Information, it may fix an appropriate deadline for response and request, either directly or indirectly, that the Acquirer additionally provide the Essential Information. In such case, the Acquirer should additionally provide such information within the relevant time limit.

- (i) Details (specifically including name, capital structure and financial position) of the Acquirer and its group (including joint holders⁸, persons having a special relationship and, in the case of funds, each partner and other constituent members).
- (ii) The purpose, method and terms of the Acquisition (including the price and type of the consideration for the Acquisition, the timeframe of the Acquisition, the scheme of any related transactions, the legality of the Acquisition method, and the probability that the Acquisition will be effected).
- (iii) The basis for the calculation of the purchase price of the Acquisitions (including the underlying facts of the calculation, the calculation method, the numerical data used in the calculation, the details of any expected synergies from any series of transactions relating to the Acquisition, and the details of such synergies to be shared with other shareholders).
- (iv) Financial support for the Acquisition (specifically including the name, financing methods and the terms of any related transactions of the funds providers (including all indirect funds providers)).
- (v) Post-Acquisition management policy, business plan, capital and dividend policies for the Company and the Company group.
- (vi) Post-Acquisition policies dealing with the Company’s employees, business

⁸ “Joint holders” are as defined in Article 27-23(5) of the Securities and Exchange Act of Japan, including persons regarded as a joint holder under Article 27-23(6) of the Securities and Exchange Act of Japan (including persons that the Company’s board of directors recognizes as falling under the above). The same is applied throughout this document.

partners, customers, and any other stakeholders in the Company.

- (vii) Specific measures to avoid any conflict of interest with other shareholders in the Company.
- (viii) Any other information that the Special Committee or other bodies reasonably considers necessary.

If the Special Committee recognizes that an Acquirer has initiated an Acquisition without complying with the procedures set by the Plan, as a general rule, it will recommend the Company's board of directors to implement a gratis allotment of Stock Acquisition Rights in accordance with 3.2(d)(i) below, except in particular circumstances where it should continue with its requests for the submission of an Acquisition Statement and the Essential Information, and its discussion and negotiation with the Acquirer.

- (c) Consideration of Acquisition terms, negotiation with the Acquirer, and consideration of an alternative proposal

- (i) Request to the Company's board of directors for the provision of information

If the Acquirer submits an Acquisition Statement and the Essential Information, the Special Committee may set a reasonable reply period (up to sixty days as a general rule) and request that the Company's board of directors present an opinion (including qualified opinions; hereinafter the same) on the Acquirer's Acquisition terms, supporting materials, an alternative proposal, and any other information that the Special Committee considers suitably necessary, in order to compare the details of the Acquisition Statement and the Essential Information to the business plan of the Company's board of directors and the company valuation conducted by the Company's board of directors for the purpose of ensuring and enhancing the Company's corporate value and the common interests of its shareholders.

- (ii) Special Committee consideration

Upon taking receipt of the information and other materials from the Acquirer and the Company's board of directors (if the Special Committee requested the Company's board of directors to provide information and other materials as set out above), the Special Committee should conduct its consideration of the Acquirer's Acquisition terms, information collection on the business plans, company valuation and other information of the Acquirer and the Company's board of directors and comparison thereof, and

consideration of any alternative plan presented by the Company's board of directors, and the like for a maximum period of sixty days as a general rule (provided, however, that in the case described below at 3.2(d)(iii) or the like, the Special Committee may extend this period (hereinafter the "Special Committee Consideration Period")).

Further, if it is necessary in order to improve the terms of the Acquisition from the standpoint of ensuring and enhancing the corporate value of the Company and the common interests of its shareholders, the Special Committee will directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders or others the alternative proposal presented by the Company's board of directors or other party, or conduct any similar action.

In order to ensure that the Special Committee's decision ensures the Company's corporate value and, in turn, the common interests of its shareholders, the Special Committee may at the cost of the Company obtain advice from independent third parties (including financial advisers, certified public accountants, attorneys, consultants or any other experts).

If the Special Committee directly or indirectly requests the Acquirer to provide materials for consideration or any other information, or to discuss and negotiate with the Special Committee, the Acquirer must promptly respond to such request.

(iii) Disclosure of information to shareholders

At a time the Special Committee considers appropriate, the Company will disclose to its shareholders the fact that it has received an Acquisition Statement from the Acquirer and any matters considered appropriate by the Special Committee from the Essential Information or other information.

(d) Special Committee procedures

If an Acquirer emerges, the Special Committee will conduct the following procedures.

(i) The Special Committee recommends the triggering of the Plan

If the Acquirer fails to comply with the procedures set forth in the Plan, or if as a result of the consideration of the terms of the Acquirer's Acquisition or the like, the Special Committee determines that the Acquisition by the Acquirer meets any of the requirements set out below at 3.3, 'Requirements for the gratis allotment of Stock

Acquisition Rights’ and that the implementation of the gratis allotment of Stock Acquisition Rights is reasonable, the Special Committee will recommend the implementation of the gratis allotment of Stock Acquisition Rights to the Company’s board of directors, regardless of whether the Special Committee Consideration Period has commenced or ended.

However, even after the Special Committee has already made one recommendation for the implementation of the gratis allotment of Stock Acquisition Rights, if the Special Committee determines that either of the events below applies, it may make a new recommendation before the Exercise Period Commencement Date (defined below at paragraph (f) of 3.4, ‘Outline of the gratis allotment of Stock Acquisition Rights’) that (until the gratis allotment has taken effect) the Company should suspend the gratis allotment of Stock Acquisition Rights or that (after the gratis allotment has taken effect) the Company should acquire the Stock Acquisition Rights without consideration.

- The Acquirer withdraws the Acquisition or the Acquisition otherwise ceases to exist after the recommendation.
- There is a change in the facts or information upon which the recommendation decision was made, and the Acquisition by the Acquirer does not meet any of the requirements set out below in 3.3, ‘Requirements for the gratis allotment of Stock Acquisition Rights,’ or it is not reasonable to implement the gratis allotment or allow for shareholders to exercise the Stock Acquisition Rights even if the Acquisition by the Acquirer does meet one of the requirements under 3.3 below.

(ii) The Special Committee recommends the non-triggering of the Plan

If as a result of its consideration of the terms of the Acquirer’s Acquisition and discussion, negotiation or the like with the Acquirer, the Special Committee determines that the Acquisition by the Acquirer does not meet any of the requirements set out below at 3.3, ‘Requirements for the gratis allotment of Stock Acquisition Rights,’ or that the implementation of the gratis allotment of Stock Acquisition Rights is not reasonable even if the Acquisition by the Acquirer does meet one of the requirements set out in 3.3 below, the Special Committee will recommend the non-implementation of the gratis allotment of Stock Acquisition Rights to the Company’s board of directors, regardless of whether the Special Committee Consideration Period has ended.

However, if there is a change in the facts, information or otherwise upon which a recommendation decision was made and the situation has come to satisfy the requirements set out in (i) above, the Special Committee may make a different decision including a recommendation on the implementation of the gratis allotment of Stock Acquisition Rights, and recommend that decision to the Company's board of directors.

(iii) The Special Committee defers triggering the Plan

If the Special Committee does not reach a recommendation for either the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights by the expiry of the initial Special Committee Consideration Period, the Special Committee will, to the reasonable extent that it is considered necessary for actions such as consideration of the terms of the Acquirer's Acquisition, negotiation with the Acquirer and the consideration of an alternative proposal, pass a resolution to extend the Special Committee Consideration Period (and any extension of the new period after a period has been extended will follow the same procedure).

If the Special Committee Consideration Period is extended as a result of the resolution described above, the Special Committee will continue with its information collection, consideration process and like activities, and use best efforts to make a recommendation for the implementation or non-implementation of the gratis allotment of Stock Acquisition Rights within the extended period.

(iv) Information disclosure

If the Special Committee makes any of the resolutions for recommendation or otherwise as listed in 3.2(d)(i) through 3.2(d)(iii) above, or otherwise believes it to be appropriate, the Company shall disclose an outline of the resolution and any other matters that the Special Committee considers appropriate (in the case of extending the Special Committee Consideration Period in accordance with 3.2(d)(iii) above, including the reason for such extension), promptly after the resolution.

(e) Resolutions of the board of directors

The Company's board of directors, in exercising their role under the Corporation Act, will pass a resolution relating to the implementation or non-implementation of a gratis allotment of Stock Acquisition Rights taking into consideration any recommendation of the Special Committee described above to the maximum extent. Promptly after the Company's board of directors passes such a resolution, the Company will disclose an outline of its resolution, and any other matters that the Company's

board of directors considers appropriate. The Acquirer must not effect an Acquisition until and unless the Company's board of directors passes a resolution for the non-implementation of the gratis allotment of Stock Acquisition Rights.

3.3 Requirements for the gratis allotment of Stock Acquisition Rights

The Company intends to implement the gratis allotment of Stock Acquisition Rights by a resolution of the Company's board of directors as described above at (e) of 3.2, 'Procedures for triggering the Plan,' if it is considered that an action of an Acquirer falls under any of the items below and it is reasonable to implement the gratis allotment of Stock Acquisition Rights. However, the Company's board of directors will without fail make its determination as to whether an action of an Acquirer falls under a requirement below and if it is reasonable or not to implement the gratis allotment of Stock Acquisition Rights through the determination of the Special Committee in accordance with (d) of section 3.2 above, 'Procedures for triggering the Plan.'

- (a) An Acquisition not in compliance with the procedures prescribed in the Plan.
- (b) An Acquisition that threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders through any of the actions below:
 - (i) A buyout of share certificates to require such share certificates to be compulsorily purchased by the Company at an inflated price.
 - (ii) Management that achieves an advantage for the Acquirer to the detriment of the Company, such as temporary control of the Company's management for the low-cost acquisition of the Company's material assets.
 - (iii) Diversion of the Company's assets to secure or repay debts of the Acquirer or its group company.
 - (iv) Temporary control of the Company's management to bring about a disposal of high-value assets that have no current relevance to the Company's business and declaring temporarily high dividends from the profits of the disposal, or selling the shares at a high price taking advantage of the opportunity afforded by the sudden rise in share prices created by the temporarily high dividends.
- (c) Certain Acquisitions that threaten to have the effect of forcing shareholders into selling shares, such as coercive two-tiered tender offers (meaning acquisitions of shares including tender offers that do not offer to acquire all shares in the initial

acquisition, and set acquisition terms for the second stage that are unfavorable for shareholders or do not set clear terms for the second stage).

- (d) Acquisitions that do not provide the Company's board of directors with the period of time reasonably necessary to produce an alternative proposal to the Acquisition.
- (e) Acquisitions in which the Essential Information or any other information considered reasonably necessary to assess the Acquisition terms is not provided to shareholders, or the provision of such information (if any) is inadequate.
- (f) Acquisitions whose terms (including amount and type of consideration for the Acquisition, the Acquisition schedule, the legality of the Acquisition method, the probability of the Acquisition being effected, post-Acquisition management policies and business plans, and post-Acquisition policies dealing with the Company's other shareholders, employees, business partners and any other stakeholders in the Company) are inadequate or inappropriate in light of the Company's intrinsic value.
- (g) Acquisitions that materially threaten to be against the corporate value of the Company and, in turn, the common interests of shareholders, by destroying the relationship with employees and business partners of the Company, which are indispensable to the generation of the Company's corporate value, or by destroying the Company's corporate culture.

3.4 Outline of the gratis allotment of Stock Acquisition Rights

An outline of the gratis allotment of Stock Acquisition Rights under the Plan is described below (for particulars regarding the Stock Acquisition Rights, see Attachment 4, 'Olympus Terms and Conditions of the Stock Acquisition Rights').

(a) Number of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights in the same number as the final and total number of issued and outstanding shares in the Company (excluding the number of shares in the Company held by the Company at that time) on a certain date (the "Allotment Date") that is separately determined by the Company's board of directors in a resolution relating to the gratis allotment of Stock Acquisition Rights ("Gratis Allotment Resolution").

(b) Shareholders eligible for allotment

The Company will implement the gratis allotment of Stock Acquisition Rights by allotting the Stock Acquisition Rights to those shareholders, other than the Company, who appear or are recorded in the Company's final register of shareholders or register of beneficial shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share of the Company held.

(c) Effective date of gratis allotment of Stock Acquisition Rights

The Company's board of directors will separately determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.

(d) Number of shares to be acquired upon exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of each Stock Acquisition Right (the "Applicable Number of Shares") shall be one share.

(e) The amount to be contributed upon exercise of the Stock Acquisition Rights

Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount per share of the Company to be contributed upon exercise of the Stock Acquisition Rights will be an amount separately determined by the Company's board of directors in the Gratis Allotment Resolution within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share of the Company.

(f) Exercise period of the Stock Acquisition Rights

The commencement date will be a date separately determined by the Company's board of directors in the Gratis Allotment Resolution (this commencement date of the exercise period shall be referred to as the "Exercise Period Commencement Date"), and the period will be a period from one month to three months long as separately determined by the Company's board of directors in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights pursuant to the provisions of paragraph (i) below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will be the preceding business day.

(g) Conditions for the exercise of the Stock Acquisition Rights

As a general rule, the following parties may not exercise the Stock Acquisition Rights (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (I) Specified Large Holders;
- (II) Joint Holders of Specified Large Holders;
- (III) Specific Large Purchasers;
- (IV) Persons having a Special Relationship with Specific Large Purchasers;
- (V) Any transferee of or successor to the Stock Acquisition Rights of any party falling under (I) through (IV) without the approval of the Company’s board of directors; or
- (VI) Any Affiliated Party of any party falling under (I) through (V).

Further, nonresidents of Japan who are required to follow certain procedures under foreign laws and regulations to exercise the Stock Acquisition Rights may not as a general rule exercise the Stock Acquisition Rights (provided, however, that certain nonresidents such as those who may use any exemption provision under applicable laws and regulations in such foreign country will be able to exercise the Stock Acquisition Rights, even if they are nonresidents of Japan, and the Stock Acquisition Rights held by nonresidents will be subject to acquisition by the Company in exchange for shares of the Company as set out in (i) below; see Attachment 4, ‘Olympus Terms and Conditions of the Stock Acquisition Rights’ for details). For definitions and details of the terms used above, see Attachment 4, ‘Olympus Terms and Conditions of the Stock Acquisition Rights.’

(h) Assignment of the Stock Acquisition Rights

Any acquisition of the Stock Acquisition Rights by assignment requires the approval of the Company’s board of directors.

(i) Acquisition of the Stock Acquisition Rights by the Company

- (i) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company’s board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately determined by

the Company's board of directors, acquire all of the Stock Acquisition Rights without consideration.

- (ii) On a day that falls on a date separately determined by the Company's board of directors, the Company may acquire all (but not part) of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to such date determined by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right. Further, if, on or after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of any party holding Stock Acquisition Rights other than Non-Qualified Parties, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to such date determined by the Company's board of directors (if any) and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

For definitions and details of the terms used above, see Attachment 4, 'Olympus Terms and Conditions of the Stock Acquisition Rights.'

3.5 Procedures for the introduction of the Plan

The introduction of the Plan will be as follows, subject to receiving the approval of shareholders at the Ordinary General Meeting of Shareholders:

- (a) In accordance with the proviso of Article 278(3) of the Corporation Act of Japan (*kaisha hou*), proposed amendments to the Company's Articles of Incorporation, including the incorporation of the provision stated below in Article 10 therein, are scheduled to be submitted to the Ordinary General Meeting of Shareholders for its resolution.

“Matters relating to the gratis allotment of Stock Acquisition Rights may be determined by a resolution of the board of directors, as well as by a resolution of the general meeting of shareholders, or by a

resolution of the board of directors by the assignment of a resolution of the general meeting of shareholders.”

For details of the proposal to make amendments to the Articles of Incorporation for the purpose of introducing the Plan, please see the “Notice regarding Partial Amendment to the Articles of Incorporation,” which is separately disclosed on the date hereof.

- (b) Under the provision of Article 10 of the Company’s Articles of Incorporation after the amendment in accordance with (a) above, shareholders will be requested to assign to the Company’s board of directors the authority to determine matters pertaining to the gratis allotment of Stock Acquisition Rights in accordance with the terms and conditions set out in the Plan by means of a resolution of the Ordinary General Meeting of Shareholders.

3.6 Effective period, abolition and amendment of the Plan

The period for the authority to decide matters relating to implementation of the gratis allotment of Stock Acquisition Rights under the Plan as assigned by a resolution of a general meeting of shareholders as described above at (b) of 3.5, ‘Procedures for the introduction of the Plan’ (the “Effective Period”) shall be the period until the conclusion of the ordinary general meeting of shareholders relating to the final fiscal year ending within three years after the conclusion of the Ordinary General Meeting of Shareholders.

However, if, before the expiration of the Effective Period, (a) a general meeting of shareholders of the Company passes a resolution to withdraw the abovementioned assignment to the board of directors to decide matters relating to the gratis allotment under the Plan, or (b) the Company’s board of directors passes a resolution to abolish the Plan, the Plan shall be abolished at that time.

Further, (c) the Company’s board of directors may revise or amend the Plan during the Effective Period of the Plan, if such revision or amendment is not against the purpose of the assignment by the Ordinary General Meeting of Shareholders as described in paragraph (b) of 3.5, ‘Procedures for the introduction of the Plan’ above (including cases where any law, regulation, stock exchange rules or the like concerning the Plan is established, amended or abolished and it is appropriate to reflect such establishment, amendment or abolition, cases where it is appropriate to revise the

wording for reasons such as typographical errors and omissions, and cases where such revision or amendment does not detriment the Company's shareholders, and the like), and subject to the approval of the Special Committee.

If the Plan is abolished, amended or the like, the Company will promptly disclose facts including the fact that such abolition, amendment or the like has taken place, and (in the event of an amendment or the like) the details of the amendment and any other matters.

4. Rationale of the Plan

4.1 Fully satisfying the requirements of the Guidelines for Takeover Defense Measures

The Plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Ensuring and Enhancing Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

4.2 Placing value on the intent of shareholders (Resolutions of the general meetings of shareholders and sunset clause)

The Company will introduce the Plan, subject to approval by a resolution of the Ordinary General Meeting of Shareholders. Specifically, as set out above in section 3.5, 'Procedures for the introduction of the Plan,' the Plan will be introduced upon a resolution of the general meeting of shareholders of the Company to assign to the Company's board of directors the authority to decide matters relating to the Plan under the Company's Articles of Incorporation. The Effective Period of the Plan is set to be three years.

Further, as set out in section 3.6, 'Effective period, abolition and amendment of the Plan,' if, before the expiration of the Effective Period of the Plan, the general meeting of shareholders of the Company passes a resolution to revoke its resolution to assign the authority as set out above, the Plan will be abolished at that time. In this regard, the introduction and life of the Plan is based on the intent of the general meeting of shareholders of the Company.

4.3 One-year term of office of directors

As the term of office of the Company's directors will be one year, it is possible

for the opinions of the shareholders regarding the merits of the Plan to be reflected through the election of the Company's directors each year, even during the Effective Period of the Plan.

4.4 Disclosure of information and emphasis on the decisions of independent parties such as outside directors

The Company has established the Special Committee upon introducing "Policy on Large Acquisitions of Olympus Shares" that its board of directors adopted by resolution at its May 30, 2005 meeting.. Also upon introducing the Plan, the Company's Special Committee will function as an organization that will eliminate arbitrary decisions by its directors and objectively carry out the substantive decisions on behalf of the shareholders in the event of triggering or other operation of the Plan. Further, outlines of the Special Committee's decisions are required to be disclosed to the shareholders, and the Company will ensure a structure under which the Plan is operated in a transparent way under the scope of contributing to the corporate value of the Company and the common interests of its shareholders.

In introducing the Plan, the Company has changed the composition of the Special Committee to be composed of five members who are highly independent from the management of the Company, being two outside directors, two outside statutory auditors and one expert (see Attachment 2 for the standards for appointing members, requirements for resolution and resolution matters of the Special Committee; see Attachment 3 for the members of the Special Committee at the time of introduction of the Plan).

4.5 Establishment of reasonably objective requirements for triggering

As set out above at section 3.2(d), 'Special Committee procedures,' and 3.3, 'Requirements for the gratis allotment of Stock Acquisition Rights,' the Company believes that the Plan is established so that it will not be triggered unless reasonable and objective requirements for triggering have been satisfied, and ensures a structure to eliminate arbitrary triggering by the Company's board of directors.

4.6 Obtaining the advice of third-party experts

If an Acquirer emerges, the Special Committee may seek to obtain the advice of independent third parties (financial advisors, certified public accountants, lawyers, consultants and other experts) at the cost of the Company. This is a mechanism to even more securely enhance the objectivity and fairness of the decisions made by the

Special Committee.

4.7 No dead-hand or slow-hand takeover defense measures

As stated in section 3.6, 'Effective period, abolition and amendment of the Plan,' the Plan may be abolished by a person who intends to acquire a large number of share certificates of the shares in the Company through an election at a general meeting of shareholders of directors nominated by that person and through a resolution of the Company's board of directors attended by the so-elected directors.

Therefore, the Plan is not a dead-hand takeover defense measure (an takeover defense measure in which even if a majority of the members of the board of directors are replaced, the triggering of the measure cannot be stopped). Also, as the Company has made the term of office of directors one year and not adopted a system of staggered terms of office, the Plan is not a slow-hand takeover defense measure either (a takeover defense measure in which triggering takes more time to stop due to the fact that the members of the board of directors cannot be replaced all at once).

5. Impact on shareholders

5.1 Impact on shareholders and investors at the time of introduction

At the time of its introduction, the Plan will have no direct or material impact on shareholders and investors. This is because at that time, by resolution of a general meeting of shareholders, only the assignment of authority to determine matters relating to the gratis allotment of Stock Acquisition Rights will take place and no actual gratis allotment of Stock Acquisition Rights will be implemented.

5.2 Impact on shareholders and investors at the time of the gratis allotment of Stock Acquisition Rights

The Company will implement a gratis allotment of Stock Acquisition Rights to all registered shareholders of the Company as of the Allotment Date that will separately be determined by the Company's board of directors in a Gratis Allotment Resolution, at a ratio of one Stock Acquisition Right per one share held. If the shareholders do not proceed with the payment for the allotment and the other procedures for the exercise of Stock Acquisition Rights detailed in (b) of 5.3, 'Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights,' within the rights exercise period, the shares they hold in the Company will be diluted by the exercise of Stock Acquisition Rights by other shareholders.

However, there may be the possibility that the Company will acquire the Stock Acquisition Rights of all shareholders other than Non-Qualified Parties and, in exchange, deliver shares in the Company, in accordance with the procedures set out in (c) of 5.3, ‘Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights.’ If the Company carries out such an acquisition procedures, all shareholders other than Non-Qualified Parties will come to receive shares in the Company without exercising their Stock Acquisition Rights or paying an amount equivalent to the exercise price, and no dilution of the value of the aggregate shares in the Company they hold will result (only dilution of the value per share of shares in the Company they hold will result).

Furthermore, if the Company cancels its gratis allotment of Stock Acquisition Rights after it has determined the shareholders who are registered and entitled to the gratis allotment, or decides to acquire those Stock Acquisition Rights that have already been allotted to the shareholders without consideration, no dilution of the value per share of shares in the Company will result, and those shareholders who sold the shares in the Company based on the premise that dilution of the value per share of the shares in the Company would result might be affected commensurate with and due to fluctuations in the value of the shares.

5.3 Necessary procedures for shareholders upon the gratis allotment of Stock Acquisition Rights

(a) Procedures for entry of name change

If the Company’s board of directors resolves to implement a gratis allotment of Stock Acquisition Rights, the Company will first make public notice of the Allotment Date for the gratis allotment of Stock Acquisition Rights. As the Company will make a gratis allotment of Stock Acquisition Rights to the shareholders who are registered or recorded in the Company’s last register of shareholders and register of beneficial shareholders as of the Allotment Date, it will be necessary for shareholders who have not entered their name change to arrange for the procedures for such change as soon as possible. (Please note that no procedures for entry of name change are required for those share certificates deposited with the Japan Securities Depository Center, Inc.)

In this connection, all of the shareholders who are registered or recorded in the Company’s last register of shareholders or register of beneficial shareholders as of the Allotment Date will become Stock Acquisition Right holders as a matter of course on the effective date of the gratis allotment of Stock Acquisition Rights.

(b) Procedures for exercising Stock Acquisition Rights

The Company will deliver, as a general rule, an exercise request form for the Stock Acquisition Rights (in a form prescribed by the Company and containing necessary matters such as the terms and number of the Stock Acquisition Rights for exercise and the exercise date for the Stock Acquisition Rights, as well as representations and warranties regarding matters such as that the shareholders themselves are not Non-Qualified Parties, indemnity clauses and other pledges) and other documents necessary for the exercise of the Stock Acquisition Rights to all shareholders being registered or recorded on the Company's last register of shareholders or register of beneficial shareholders as of the Allotment Date. After the gratis allotment of Stock Acquisition Rights, the shareholders will be issued one share in the Company per one Stock Acquisition Right upon submitting these necessary documents during the exercise period and, as a general rule, by paying to the place handling such payments the price determined by the Company's board of directors in the Gratis Allotment Resolution, which will be an amount within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share of the Company.

(c) Procedures for the acquisition of Stock Acquisition Rights by the Company

If the Company's board of directors determines to acquire the Stock Acquisition Rights, the Company will acquire the Stock Acquisition Rights in accordance with the statutory procedures, on the day that falls on the date separately determined by the Company's board of directors. When the Company is to deliver shares in the Company to shareholders in exchange for the acquisition of Stock Acquisition Rights, it shall do so promptly. Further, in such case, the shareholders concerned will be separately requested to submit, in a form prescribed by the Company, representations and warranties regarding matters such as the fact that they are not Non-Qualified Parties, indemnity clauses and other pledges.

In addition to the above, the Company will disclose information or notify all of its shareholders with respect to the particulars of the allotment method, method of procedures for entry of name change, exercise method and method for acquisition by the Company after any resolution of the Company's board of directors in relation to a gratis allotment of Stock Acquisition Rights, so we request that shareholders check these details at that time.

---End--

Attachment 1**PRINCIPAL SHAREHOLDERS**

As of March 31,2006

	Numbers of shares held (thousands)	Percentage of voting securities (%)
Nippon Life Insurance Company	22,426	8.35%
State Street Bank and Trust Company	17,203	6.40%
The Chase Manhattan Bank N.A.London	16,942	6.30%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	13,436	5.00%
The Master Trust Bank of Japan, Ltd. (trust account)	12,704	4.73%
Japan Trustee Services Bank, Ltd. (Olympus shares in Sumitomo Mitsui Banking Corporation's retirement benefit trust account are entrusted to The Sumitomo Trust & Banking Co., Ltd., which consigns their management to Japan Trustee Service Bank, Ltd.)	9,004	3.35%
Sumitomo Mitsui Banking Corporation	8,350	3.11%
Japan Trustee Services Bank, Ltd. (trust account)	8,026	2.99%
Terumo Corporation	6,811	2.53%
Tokio Marine and Nichido Fire Insurance Co., Ltd	4,680	1.74%

Attachment 2

Outline of the Rules of the Special Committee

- The Special Committee shall be established by resolution of the Company's board of directors.
- There shall be no less than three (3) members of the Special Committee, and the Company's board of directors shall elect the members from (i) outside directors of the Company, (ii) outside statutory auditors of the Company and (iii) outside experts who are independent from the management that conducts the execution of the business of the Company. However, such outside experts must be experienced corporate managers, parties with knowledge of the investment banking industry, lawyers, certified public accountants, researchers whose research focuses on the Corporation Act of Japan, company management or the like, or parties of similar qualifications, and must have executed with the Company an agreement separately specified by the Company's board of directors that contains a provision obligating them to exercise the duty of care of a good manager or a similar provision.
- The term of office of members of the Special Committee shall be until the end of the meeting of the board of directors following the ordinary general meeting of shareholders relating to the last fiscal year ending within one year after their assumption of office. However, this will not prevent their re-appointment. Further, if any member of the Special Committee no longer satisfies the abovementioned qualifications, his or her term of office as a member of the Special Committee will be end simultaneously.
- The Special Committee shall pass resolutions on the matters listed below and submit recommendations to the Company's board of directors containing the details of and reasons for the recommendation. Respecting such recommendations of the Special Committee to the maximum extent, the Company's board of directors shall pass resolutions concerning the implementation, non-implementation or other action pertaining to a gratis allotment of Stock Acquisition Rights as a function under the Corporation Act of Japan. Each member of the Special Committee and the directors of the Company must make such decisions with a view to whether or not the corporate value of the Company and, in turn, the common interests of its shareholders will be enhanced, and they must not serve solely the purpose of their own interests or those of the management of the Company.

- (a) The implementation or non-implementation of the gratis allotment of Stock Acquisition Rights.
- (b) The cancellation of the gratis allotment of Stock Acquisition Rights or the gratis acquisition of Stock Acquisition Rights.
- (c) Any other matters that are for determination by the Company's board of directors in respect to which it has consulted the Special Committee.
- In addition to the matters prescribed above, the Special Committee may conduct the matters listed below.
 - (a) Determining whether it is appropriate that the Acquisitions be made subject to the Plan.
 - (b) Determining the extension of the Special Committee Consideration Period.
 - (c) Determining the information that the Acquirer and the Company's board of directors should provide to the Special Committee, and the deadline for the provision of that information.
 - (d) Examination and consideration of the terms of the Acquirer's Acquisitions.
 - (e) Negotiation and discussion with the Acquirer.
 - (f) Request for an alternative proposal and consideration of the alternative proposal to the board of directors.
 - (g) Amendment of the Plan.
 - (h) Abolishment of the Plan.
 - (i) Any other matters that the Plan prescribes that the Special Committee may conduct.
 - (j) Any matters that the Company's board of directors separately determines that the Special Committee may conduct.
- If the Special Committee decides that the Acquisition Statement and the information provided are inadequate as Essential Information, it shall request that the Acquirer submit additional information. Further, if the Special Committee receives from the Acquirer the Acquisition Statement and the Essential Information, it may request that the Company's board of directors provide within a certain period an opinion regarding the terms of the Acquisition by the Acquirer and materials supporting that opinion, an alternative proposal (if any), and any other information and the like that the Special Committee may consider necessary from time to time.
- If it is necessary in order to have the terms of the Acquirer's Acquisition revised from the standpoint of ensuring and enhancing the corporate value of the

Company and the common interests of its shareholders, the Special Committee shall either directly or indirectly discuss and negotiate with the Acquirer, or present to shareholders or others the alternative plan presented by the Company's board of directors or conduct any similar action.

- In order to collect the necessary information, the Special Committee may request the attendance of a director, statutory auditor or employee of the Company, or any other party that the Special Committee considers necessary, and may require explanation of any matter it requests.
- The Special Committee may, at the Company's expense, obtain the advice of an independent third party (including financial advisors, certified public accountants, lawyers, consultants and other experts) and similar actions. In addition, the Special Committee may have such third party attend and speak at a meeting of the Special Committee.
- Any member of the Special Committee may convene a meeting of the Special Committee when an Acquisition arises, or at any other time.
- Each member of the Special Committee has one vote and resolutions of meeting of the Special Committee shall pass with a majority of the vote when at least four fifths of the members of the Special Committee are in attendance. However, in unavoidable circumstances a resolution may pass with a majority of voting rights when a majority of the members of the Special Committee are in attendance.

---End---

Attachment 3

Career Summary of Members of the Special Committee

Initial members of the Special Committee at the time of introduction of the Plan are scheduled to be as follows:

Toru Toyoshima, Outside Director

(Born October 19, 1930)

April 1953	Joined the Ministry of International Trade and Industry
June 1981	Appointed Director-General of the Machinery and Information Industries Bureau, Ministry of International Trade and Industry
October 1982	Appointed Commissioner of the Agency for Natural Resources and Energy
June 1988	Appointed Representative Director and Vice President of Cosmo Oil Co., Ltd.
July 1993	Appointed Chairman of Japan External Trade Organization
June 1998	Appointed Chairman of Japan Trade and Investment Insurance Organization (incumbent)
June 2005	Appointed outside director of the Company (incumbent)

* Mr. Toru Toyoshima is an outside director of the Company as provided for in Article 2(xv) of the Corporation Act of Japan.
There is no special interest between Mr. Toyoshima and the Company.

Robert A. Mundell, Outside Director

(Born October 24, 1932)

September 1974	Appointed Professor of economics at Columbia University of USA (incumbent)
December 1999	Awarded the Nobel Prize in Economics
June 2005	Appointed outside director of the Company (incumbent)

* Mr. Robert A. Mundell is an outside director of the Company as provided for in Article 2(xv) of the Corporation Act of Japan.

There is no special interest between Mr. Mundell and the Company.

Makoto Shimada, Outside Statutory Auditor

(Born April 3, 1941)

April 1965	Joined Copal Co., Ltd. (currently Nidec Copal Corporation)
May 1999	Appointed Representative Director and President of Nidec Copal Corporation
April 2003	Appointed Director and Vice Chairman of Nidec Copal Corporation
April 2004	Appointed Director and Senior Advisor of Nidec Copal Corporation
June 2004	Appointed outside statutory auditor of the Company (incumbent)

* Mr. Makoto Shimada is an outside statutory auditor of the Company as provided for in Article 2(xvi) of the Corporation Act of Japan.
There is no special interest between Mr. Shimada and the Company.

Yasuo Nakamura, Outside Statutory Auditor

(Born March 21, 1941)

April 1963	Joined Mitsubishi Rayon Co., Ltd.
April 1998	Appointed Director and Chief of the Tokyo Technology & Information Center of Mitsubishi Rayon Co., Ltd. Appointed Representative Director and President of MRC Techno Research Inc.
June 2003	Appointed Advisor to the Tokyo Office of the Industrial Technology Research Institute (incumbent)
June 2004	Appointed outside statutory auditor of the Company (incumbent)

* Mr. Yasuo Nakamura is an outside statutory auditor of the Company as provided for in Article 2(xvi) of the Corporation Act of Japan.
There is no special interest between Mr. Nakamura and the Company.

Juro Nakagawa, Outside Expert

(Born June 5, 1935)

April 1959	Joined Nichimen Company, Limited (currently Sojitz Corporation)
April 1984	Appointed Vice President in charge of development at the New York

Headquarters of Nichimen America Inc.

April 1992 Appointed Associate Professor, Faculty of Commerce, Aichi Gakuin University

April 1994 Appointed Professor, Faculty of Commerce, Aichi Gakuin University

April 1998 Appointed to the concurrent posts of Professor of the Faculty of Business Administration at Tokyo Keizai University and Professor of the Graduate School at Tokyo Keizai University

April 2006 Appointed Adjunct Professor, Nihon University College of International Relations (incumbent)

* There is no special interest between Mr. Juro Nakagawa and the Company.

Attachment 4

Olympus Terms and Conditions of the Stock Acquisition Rights

- I. Determination on Gratis Allotment of Stock Acquisition Rights
 1. Terms and number of the Stock Acquisition Rights

The terms of stock acquisition rights to be allotted to the shareholders (individually or collectively, the “Stock Acquisition Rights”) include terms set forth in section II below. The number of the Stock Acquisition Rights will be the same number as the final and total number of issued and outstanding shares in the Company on a date (the “Allotment Date”) (excluding the number of shares in the Company held by the Company at that time) to be separately determined by the Company’s board of directors in a resolution relating to the gratis allotment of Stock Acquisition Rights (the “Gratis Allotment Resolution”).
 2. Shareholders eligible for allotment

The Company will implement a gratis allotment of Stock Acquisition Rights to those shareholders, other than the Company itself, who appear or are recorded in the Company’s final register of shareholders or register of beneficial shareholders on the Allotment Date, at a ratio of one Stock Acquisition Right for every one share in the Company held.
 3. Effective date of gratis allotment of Stock Acquisition Rights

The Company’s board of directors will separately determine the effective date of the gratis allotment of Stock Acquisition Rights in the Gratis Allotment Resolution.
- II. Terms of the Stock Acquisition Rights
 1. Number of shares to be acquired upon exercise of the Stock Acquisition Rights

The number of shares in the Company to be acquired upon exercise of one Stock Acquisition Right (the “Applicable Number of Shares”) shall be one share.
 2. The amount to be contributed upon exercise of the Stock Acquisition Rights

- (1) Contributions upon exercise of the Stock Acquisition Rights are to be in cash, and the amount to be contributed upon exercise of the Stock Acquisition Rights will be an amount equal to the Exercise Price (as defined in (2) below) multiplied by the Applicable Number of Shares.
- (2) The amount per share to be contributed upon exercise of the Stock Acquisition Rights (the “Exercise Price”) will be an amount separately determined by the Company’s board of directors in the Gratis Allotment Resolution, but within the range between a minimum of one yen and a maximum of any amount equivalent to one-half of the fair market value of one share of the Company.. The fair market value means the value equivalent to the average closing price (including indicative prices) on each date on which regular transactions in the Company’s shares are conducted on the Tokyo Stock Exchange for the ninety (90) days (excluding any day on which the closing price is unavailable) prior to the date of the Gratis Allotment Resolution, and any fraction of a yen shall be rounded up to the nearest whole yen.

3. Exercise period of the Stock Acquisition Rights

The commencement date will be a date separately determined by the Company’s board of directors in the Gratis Allotment Resolution (the commencement date of the exercise period shall be hereinafter referred to as the “Commencement Date”), and the period will be a period from one month to three months long as separately determined by the Company’s board of directors in the Gratis Allotment Resolution; provided, however, that if the Company acquires the Stock Acquisition Rights in accordance with the provisions of section 7 below, the exercise period for the Stock Acquisition Rights with respect to that acquisition will be up to and including the day immediately prior to the relevant acquisition date. Further, if the final day of the exercise period falls on a holiday for the payment place for the cash payable upon exercise, the final day will become the preceding business day.

4. Conditions for the exercise of the Stock Acquisition Rights

- (1) The following parties may not exercise the Stock Acquisition Rights: (the parties falling under (I) through (VI) below shall collectively be referred to as “Non-Qualified Parties”):

- (i) Specified Large Holders;
- (ii) Joint Holders of Specified Large Holders;
- (iii) Specific Large Purchasers;
- (iv) Persons having a Special Relationship with Specific Large Purchasers;
- (v) Any transferee of or successor to the Stock Acquisition Rights of any party set out in (i) through (iv) without the approval of the Company's board of directors; or
- (vi) Any Affiliated Party of any party falling under (i) through (v) (any party set out in (i) through (vi) shall be hereinafter referred to as the "Non-Qualified Party").

The terms used above shall have the following meanings:

- (a) "Specified Large Holder" means a party who is a holder (including any person who is described as a holder under Article 27-23(3) of the Securities and Exchange Act) of share certificates, etc. (as defined in Article 27-23(1) of the Securities and Exchange Act; the same applies hereinafter unless otherwise provided for) issued by the Company and whose holding ratio of share certificates, etc. (as defined in Article 27-23(4) of the Securities and Exchange Act) in respect of such share certificates, etc. is at least 20% (including any party who is deemed to be a specified large holder by the Company's board of directors).
- (b) "Joint Holder" means a joint holder as defined in Article 27-23(5) of the Securities and Exchange Act, who is deemed to be a joint holder in accordance with Article 27-23(6) of the Securities and Exchange Act (including any party who is deemed to be a joint holder by the Company's board of directors).
- (c) "Specific Large Purchaser" means a person who makes a public announcement of purchase, etc. (as defined in Article 27-2(1) of the Securities and Exchange Act; the same applies hereinafter) of share certificates, etc. (as defined in Article 27-2(1) of the

Securities and Exchange Act; the same applies hereinafter in this subparagraph (c)) issued by the Company through tender offer (as defined in Article 27-2(6) of the Securities and Exchange Act) and whose ratio of ownership of share certificates, etc. (as defined in Article 27-2(8) of the Securities and Exchange Act; the same applies hereinafter) in respect of such share certificates, etc. owned by such person after such purchase, etc. (including similar ownership as prescribed in Article 7(3) of the Order of the Enforcement of the Securities and Exchange Act) is at least 20% when combined with the ratio of ownership of share certificates, etc. of a Person having a Special Relationship (including any party who is deemed to be a specific large purchaser by the Company's board of directors).

(d) "Person having a Special Relationship" is defined in Article 27-2(7) of the Securities and Exchange Act (including any party who is deemed to be a person having a special relationship by the Company's board of directors); provided, however, that those parties provided for in Article 3(1) of the Cabinet Ordinance concerning Disclosure of a Tender Offer by an Acquirer other than the Issuing Company are excluded from those parties set out in Article 27-2(7)(i) of the Securities and Exchange Act.

(e) An "Affiliated Party" of a given party means a person who substantially controls, is controlled by, or is under common control with such given party (including a person deemed by the Company's board of directors to substantially control, be controlled by, or be under common control with such given party), or a party deemed by the Company's board of directors to act in concert with such given party.

(2) Notwithstanding (1) above, the parties set out in (a) through (d) below are not Specified Large Holders or Specific Large Purchasers:

(a) the Company, its subsidiaries (as defined in Article 8(3) of the

Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.) or its affiliates (as defined in Article 8(5) of the Regulations concerning Terminology, Forms and Method of Preparation of Financial Statements, etc.);

- (b) a party that the Company's board of directors recognizes as a party that fell under the requirements as set forth in (1)(i) above with no intention to control the Company and that ceased to fall under the requirements as set forth in (1)(i) above due to a disposal of the share certificates, etc. of the Company held within ten (10) days after falling under the requirements as set forth in (1)(i) above (provided, however, that the ten (10) day period may be extended by the Company's board of directors);
- (c) a party that the Company's board of directors recognizes as a party that involuntarily fell under the requirements as set forth in (1)(i) above by the Company acquiring treasury stock or for any other reason (excluding cases where the party thereafter newly acquires the Company's share certificates, etc. at its own discretion); or
- (d) a party that the Company's board of directors recognizes as a party whose acquisition or holding of share certificates, etc. of the Company is not contrary to the Company's corporate value or the common interests of shareholders (including a party previously determined by the Company's board of directors to be a Non-Qualified Party, but whose acquisition or holding of share certificates, etc., of the Company is later determined by the Company's board of directors not to be contrary to the Company's corporate value or the common interests of shareholders, and if the Company's board of directors determines that an acquisition or holding is not contrary to the Company's corporate value or common interests of shareholders under certain conditions, such recognition is effective to the extent that these conditions are satisfied.)

- (3) Under the applicable foreign laws and ordinances, if a party located under a jurisdiction of such laws and ordinances is required for the purposes of exercising the Stock Acquisition Rights to (i) perform certain procedures, (ii) satisfy certain conditions (including prohibition of exercise for a certain period of time or submission of specified documents), or (iii) both perform such procedures and satisfy such conditions (collectively, the “Governing Law Exercise Procedures and Conditions”), such party may exercise the Stock Acquisition Rights only if the Company’s board of directors recognizes that it fully performs or satisfies the Governing Law Exercise Procedures and Conditions, and such party may not exercise the Stock Acquisition Rights if the Company’s board of directors does not recognize that it satisfies the Governing Law Exercise Procedures and Conditions. Provided, however, that the Company shall bear no obligation to implement or satisfy any Governing Law Exercise Procedures and Conditions which are required in order for the party under such jurisdiction to exercise the Stock Acquisition Rights. In addition, if a party located under such jurisdiction is not permitted to exercise the Stock Acquisition Rights under such laws and ordinances, such person who locates in such jurisdiction shall not exercise the Stock Acquisition Rights.
- (4) Notwithstanding (3) above, a party located in the United States may exercise the Stock Acquisition Rights, only if (i) such party represents and warrants that it is an accredited investor as defined in Rule 501(a) of the U.S. Securities Act of 1933, and (ii) such party covenants to resell the shares of the Company to be acquired upon exercise of the Stock Acquisition Rights held by such party only through a regular transaction at the Tokyo Stock Exchange or the Osaka Stock Exchange (not on the basis of any previous arrangements and without previous solicitation). In such case only, the Company shall perform or satisfy the Governing Law Exercise Procedures and Conditions under Regulation D of the U.S. Securities Act of 1933 and U.S. state laws that are required to be performed or satisfied by the Company for exercise of the Stock Acquisition Rights by a party located in the United States. A party located in the United States shall not exercise the Stock Acquisition Rights if the

Company's board of directors determines that such party is not permitted to legally exercise the Stock Acquisition Rights under the U.S. Securities Act due to a change in the law of the United States or some other reason, even though such party satisfies the conditions as described in (i) and (ii) above.

(5) A holder of the Stock Acquisition Rights may exercise the Stock Acquisition Rights only if the holder submits to the Company a written statement in which the holder undertakes representations and warranties, including, but not limited to, the fact that the holder is not a Non-Qualified Party, nor a party that has any intention to exercise the Stock Acquisition Rights on behalf of a Non-Qualified Party and that the holder satisfies the conditions for the exercise of the Stock Acquisition Rights, provisions for indemnification and other matters prescribed by the Company and any written statement required under the laws and ordinances.

(6) Even if a holder of the Stock Acquisition Rights is unable to exercise the Stock Acquisition Rights in accordance with the provisions of this section 4, the Company shall not be liable to such holder of the Stock Acquisition Rights for damages or any other obligations.

5. Capital and capital reserve to be increased upon issuance of shares by exercise of the Stock Acquisition Rights

The capital to be increased upon issuance of shares by exercise of the Stock Acquisition Rights shall be equal to the aggregate of the maximum increased capital amount to be calculated in accordance with Article 40 of the Company Calculation Rules, and the capital reserve shall not be increased.

6. Restrictions on transfers of the Stock Acquisition Rights

(1) Any acquisition of the Stock Acquisition Rights by assignment requires approval of the Company's board of directors.

(2) If a party who intends to assign the Stock Acquisition Rights is located outside Japan and is unable to exercise the Stock Acquisition Rights in accordance with the provisions of section 4(3) and 4(4) below (excluding a Non-Qualified Party), then the Company's board of

directors shall determine if it gives such approval as described in the above paragraph considering the following matters:

- (a) whether or not a written undertaking prepared and signed or sealed by the transferor and transferee (including provisions for representations and warranties with respect to the matters described in (b), (c) and (d) below), provisions for indemnification and other provisions for covenants as provided by the Company is submitted with respect to the acquisition by assignment of all or part of the Stock Acquisition Rights by a person who locates in such jurisdiction;
- (b) whether or not it is clear that the transferor and transferee is not a Non-Qualified Party;
- (c) whether or not it is clear that the transferee is not located in such jurisdiction and does not intend to accept the Stock Acquisition Rights for a party located in such jurisdiction;
- (d) whether or not it is clear that the transferee does not intend to accept the Stock Acquisition Rights for a Non-Qualified Party.

7. Acquisition of the Stock Acquisition Rights by the Company

- (1) At any time on or before the date immediately prior to the Exercise Period Commencement Date, if the Company's board of directors recognizes that it is appropriate for the Company to acquire the Stock Acquisition Rights, the Company may, on a day that falls on a date separately specified by the Company's board of directors, acquire all of Stock Acquisition Rights without consideration.
- (2) On a day that falls on a date separately specified by the Company's board of directors, the Company may acquire all (though partial acquisition is not permitted) of the Stock Acquisition Rights that have not been exercised before or on the day immediately prior to the date

specified by the Company's board of directors, that are held by parties other than Non-Qualified Parties and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right.

Further, if, after the date upon which the acquisition takes place, the Company's board of directors recognizes the existence of a party other than non-qualified parties who hold the Stock Acquisition Rights, the Company may, on a day falling on a date determined by the Company's board of directors after the date upon which the acquisition described above takes place, acquire all of the Stock Acquisition Rights held by that party that have not been exercised by or on the day immediately prior to a date determined by the Company's board of directors and, in exchange, deliver shares of the Company in the number of the Applicable Number of Shares for every one Stock Acquisition Right. The same will apply thereafter.

8. Delivery of the Stock Acquisition Rights in the case of merger (limited to a merger where the Company ceases to exist due to such merger), demerger, spin-off, share exchange or share transfer

The Company's board of directors will separately determine the delivery of the Stock Acquisition Rights and the conditions thereof in the case of merger, corporate division, share exchange or share transfer in the Gratis Allotment Resolution.

9. Issuance of certificates representing the Stock Acquisition Rights
Certificates representing the Stock Acquisition Rights will not be issued.

10. Revision due to amendment to laws and ordinances

The provisions of the laws and ordinances referred to above are subject to the provisions that will come into effect as of May 10, 2006. If the meanings of the provisions or terms as set forth in each item above require revision due to the enactment, amendment or abolishment of laws and ordinances after May 11, 2006, the Company's board of directors may differently read the meanings of the provisions or terms as set forth in each item above to the reasonable extent as required, taking into consideration the purposes of such enactment, amendment or abolishment.