

April 10, 2009
Olympus Corporation

Notification with Respect to the Conclusion of a Basic Agreement concerning Olympus Corporation making Iwaken Co., Ltd. its Wholly-Owned Subsidiary through a Share Exchange

The Board of Directors of Olympus Corporation (the “Company”) resolved to make Iwaken Co., Ltd. (“Iwaken”) its wholly-owned subsidiary through a share exchange (the “Share Exchange”) with a scheduled date of June 1, 2009, and entered into a basic agreement with Iwaken (the “Basic Agreement”) on April 10, 2009. In connection with the foregoing, the Company would like to provide notice of the following.

1. Purpose of Making Iwaken a Wholly-Owned Subsidiary through a Share Exchange

The Olympus Group has been focusing on steadily increasing profits in its Medical Systems Business, the core product of which is endoscopes for medical use, while contributing to society by supplying “safe, reliable and efficient” medical procedures.

In the midst of the substantial changes that are occurring in the environment surrounding medical treatment as a result of recent reforms in the healthcare system, the Olympus Group and Iwaken have developed a close partnership centering around the sale of Olympus Group products and Olympus Group Services.

The Company and Iwaken have entered into the Basic Agreement on the basis of their shared conclusion that integration on both a capital and an operational level is the most appropriate way to enable both companies to provide services of an even higher quality to medical institutions, research organizations and other customers.

2. Summary of the Share Exchange

(1) Schedule of the Share Exchange

Meeting of the Board of Directors (Resolution to approve the execution of the Basic Agreement)	April 10, 2009 (Fri)
Sign of the Basic Agreement between the Company and Iwaken	April 10, 2009 (Fri)
Meeting of the Board of Directors (Resolution to approve the sign of the agreement pertaining to the Share Exchange (the “Share Exchange Agreement”))	April 24, 2009(Fri) (scheduled)
Sign of the Share Exchange Agreement between the Company and Iwaken	April 24, 2009 (Fri) (scheduled)
Extraordinary meeting of shareholders of Iwaken (Resolution to approve the Share Exchange)	End of May, 2009 (scheduled)
Effective date of the Share Exchange (scheduled)	June 1, 2009 (Mon)(scheduled)

(Note) The Company plans to implement the Share Exchange without obtaining approval at a general meeting of its shareholders in accordance with “simplified share exchange” (*kan-i kabushiki kokan*) procedures pursuant to Article 796, Paragraph 3 of the Company Law of Japan.

(2) Allocation of Shares in the Share Exchange

Name of Company	Olympus Corporation (Parent Company after the Share Exchange)	Iwaken Co., Ltd. (Wholly-Owned Subsidiary after the Share Exchange)
Allocation of Shares in the Share Exchange	1	9.1

(Notes) 1. Share Exchange Ratio

In the Share Exchange, the Company will allocate and deliver 9.1 shares of common stock in exchange for one share of common stock of Iwaken.

2. Number of Shares to be Delivered through the Share Exchange

2,912,000 shares of common stock

The Company will deliver common shares from its treasury stock to shareholders of Iwaken in the Share Exchange, and will not issue any new shares.

(3) Basis of Calculation of the Share Exchange Ratio

a. Basis of Calculation

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio in the Share Exchange, the Company decided to ask a third party for its opinion as a specialist, and appointed ABeam M&A Consulting Ltd. (“ABeam M&A Consulting”) as such third party.

When calculating the share value of the Company shares, ABeam M&A Consulting employed the market price method, because the Company is a listed Company. ABeam M&A Consulting calculated the share value of the Company in accordance with the market price method with reference to share prices during (i) the past one-month period (from March 10, 2009 to April 9, 2009) and (ii) the past three-month period (from January 13, 2009 to April 9, 2009).

When calculating the share value of Iwaken shares, ABeam M&A Consulting employed the discounted cash flow method (the “DCF method”), because Iwaken is an unlisted company. The synergies that the Company expects will arise as a result of Iwaken joining the Olympus Group were included in the future profit plans which formed the basis of the analysis in accordance with the DCF method.

Based on the calculations of the respective share values of the Company and Iwaken in accordance with each of the methods described above and on the basis that one share of the Company represents a value of one, the share exchange ratio in the Share Exchange has been calculated by ABeam M&A Consulting as follows:

Range of the Share Exchange Ratio Valuation	Between 6.03 and 11.58
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The Company and Iwaken decided to use the share exchange ratio set forth above in the Share Exchange based on the aforementioned calculations by ABeam M&A Consulting and as a result of thorough discussions between the two companies. The share exchange ratio is subject to change upon consultation between the Company and Iwaken in the event of a material change in any of the numerous factors upon which calculations were based.

b. Relationship with the Appraiser

The appraiser, ABeam M&A Consulting, is not a related party of the Company or Iwaken.

(4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Issued by Iwaken

None

3. Description of Parties to the Share Exchange

(as of March 31, 2008)

(1)	Trade Name	Olympus Corporation (Parent Company after the Share Exchange)		Iwaken Co., Ltd. (Wholly-Owned Subsidiary after the Share Exchange)	
(2)	Business Description	Manufacture and sales of precision machineries and instruments		Sales of medical appliances, physical and chemical instruments and optical devices; repair services in connection with same	
(3)	Date of Incorporation	October 12, 1919		November 17, 1947	
(4)	Head Office	43-2, Hatagaya 2-chome, Shibuya-ku, Tokyo		6-4, Hongo 3-chome, Bunkyo-ku, Tokyo	
(5)	Name and Title of Representative	Tsuyoshi Kikukawa, Representative Director and President		Seiji Iwasaki, Representative Director and President	
(6)	Paid-in Capital	¥48,332 million		¥16 million	
(7)	Number of Issued Shares	271,283,608 shares		320,000 shares	
(8)	Net Assets	¥367,876 million (consolidated)		¥3,203 million (non-consolidated)	
(9)	Total Assets	¥1,358,349 million (consolidated)		¥8,042 million (non-consolidated)	
(10)	Business Year-End	March 31		March 31	
(11)	Number of Employees	35,772 (consolidated)		204 (non-consolidated)	
(12)	Major Business Partners	Olympus America Inc. Olympus Europa Holding GmbH		Olympus Corporation Ministry of Defense University of Tokyo	
(13)	Major Shareholders and Shareholding Ratio (Note)	Nippon Life Insurance Company	8.26%	Kiyoharu Iwasaki	42.24%
		The Master Trust Bank of Japan, Ltd. (Trust Account)	6.03%	Kiyotaka Iwasaki	25.13%
		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4.95%	Yuko Hattori	14.04%
		Japan Trustee Service Bank, Ltd. (Trust Account)	4.51%	Seisei Medical Co., Ltd.	12.50%
		State Street Bank and Trust Company	3.79%	Yoshinobu Hattori	2.03%
(14)	Main Banks	Sumitomo Mitsui Banking Corporation		Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
(15)	Relationship between the Parties to the Share Exchange	Capital Relationship	None		
		Personnel Relationship	None		
		Transactional Relationship	Iwaken purchases and sells products that are manufactured and sold by Olympus		
		Status of Relationship with Related Parties	None		

(Note) Major Shareholders and Shareholding ratio of Iwaken are indicated as of March 31, 2009.

(16) Business Results for the Most Recent Three Fiscal Years

(in millions of yen unless otherwise specified)

Fiscal Year End	Olympus Corporation (Parent Company after the Share Exchange) (consolidated)			Iwaken Co., Ltd. (Wholly-Owned Subsidiary after the Share Exchange) (non-consolidated)		
	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2006	Year ended March 2007	Year ended March 2008
Net Sales	978,127	1,061,786	1,128,875	14,367	15,280	16,324
Operating Income	62,523	98,729	112,623	164	209	197
Ordinary Profit	41,206	76,226	93,085	204	179	181
Net Income	28,564	47,799	57,969	106	91	127
Net Income Per Share (¥)	105.99	176.79	214.48	331.31	285.49	396.91
Dividend Per Share (¥)	22.00	35.00	40.00	0.00	0.00	0.00
Net Assets Per Share (¥)	1,074.30	1,236.34	1,318.65	9,372.03	9,641.65	10,010.44

4. Post-Share Exchange Situation

(1)	Trade Name	Olympus Corporation
(2)	Business Description	Manufacture and sales of precision machineries and instruments
(3)	Head Office	43-2, Hatagaya 2-chome, Shibuya-ku, Tokyo
(4)	Name and Title of Representative	Tsuyoshi Kikukawa, Representative Director and President
(5)	Paid-in Capital	¥48,332 million
(6)	Total Assets (consolidated)	Impact of the Share Exchange will be minor.
(7)	Net Assets (consolidated)	Impact of the Share Exchange will be minor.
(8)	Business Year-End	March 31

(9) Summary of Accounting Procedure

For the purposes of accounting for business combinations, the Share Exchange is expected to be treated as an acquisition (to which the Purchase Method will apply).

Goodwill is expected to be generated as a result of the Share Exchange. The amount of such goodwill has not yet been determined. With respect to the period over which such goodwill will be amortized, the goodwill is expected to be amortized by the straight-line method within five years after the fiscal year in which it is generated.

(10) Outlook

There is no impact of the Share Exchange on Olympus's consolidated and non-consolidated business results for the fiscal year ended March 31, 2009. The Company scheduled to announce consolidated business outlook for the fiscal year ending March 31, 2010 on announcement of business results.

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