

October 19, 2011

News Release

Company: Olympus Corporation
Chairman, President and CEO: Tsuyoshi Kikukawa
(Code: 7733, First Section, Tokyo Stock Exchange)
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Company Response to Media Reports

Olympus Corporation resolved at a special meeting of the board held on October 14, 2011 to dismiss Michael Woodford from his office of representative director, President, and Chief Executive Officer. Although the reasons for this decision were stated in the statement "Olympus Corporation Resolved Dismissal of President Michael C. Woodford" issued the same day, subsequent reports appearing in the media have been inaccurate or potentially misleading. The following expresses the actual details of the matters covered by the media reports and the company's stance.

Text

1. Background to the company's decision to dismiss Mr. Woodford

As expressed in the statement issued on October 14 and the press conference held the same day, the reasons for Mr. Woodford's dismissal were that major differences had arisen between Mr. Woodford and other management regarding the direction and conduct of the company's business and this had become an impediment to management decision making.

Regarding reports in some media that Mr. Woodford had commissioned a report from an external agency, this was done by Mr. Woodford at his own initiative and has no bearing on the audit of Olympus Corporation or its group companies. Mr. Woodford submitted this report to the senior management, auditing officer, auditing agency, and legal office on October 13. In addition to this report, he also indicated a wish for certain members of the management team to resign. While some media agencies have published suggestions that this request for resignations was the real reason for Mr. Woodford's dismissal, in fact this request itself was not a direct reason for the decision and instead represents no more than another example of the numerous arbitrary actions taken by Mr. Woodford. Also, the report itself contains a large amount of material that is based on supposition and speculation and the company believes its content is at variance with the facts and open to misinterpretation.

Although Mr. Woodford remains a director of the company at this point in time, the disruption to business and loss of corporate value are truly regrettable and the company will consider taking legal action against him if this is deemed to be necessary.

2. Olympus's Opinion Regarding Partial News Release of the M&A

(1) Payment to the financial advisor (FA) involved in the Gyrus Group PLC (hereafter "Gyrus") acquisition.

[1] Outline of agreement with the FA as of that time

FA's services: 1. Suggesting M&A targets

2. Formation and management of team to further the M&A transaction

3. Design and proposal of the optimum transaction structure

4. Required analysis, evaluation, negotiations and related services for the transaction

Date agreement was signed: June 21, 2007

Payment amount: Basic remuneration of US\$5 million

Success fee: 5% of the acquisition amount

(though within a set range according to the acquisition amount)

15% to be cash (with an upper limit of US\$12 million)

85% to be options

(with any amount above the cash upper limit to be paid in the form of options)

Issue of warrants

Note: The above remuneration includes expenses related to laws on external outsourcing through the FA and suchlike.

[2] Breakdown of payment to FA

Date	Outline	Amount (US dollars)	Reason for payment
June 16, 2006	Basic remuneration	3,000,000	FA remuneration
June 18, 2006	Basic remuneration	2,000,000	
November 26, 2007	Success fee (cash)	12,000,000	
September 30, 2008	Acquisition of warrants	50,000,000	
September 30, 2008	Acquisition of options	176,980,000	
March 31, 2010	Acquisition of preferred stock	443,020,000	Rise in value of preferred stock
	Total Payments	687,000,000	

[3] Details of preferred stock acquired from the FA

Background to issue: Issue of Gyrus preferred stock requested by FA in the expectation of capital participation

Issuing organization: Gyrus Group Limited (Name changed from Gyrus Group PLC)

Issue period: September 30, 2008

Issue price: US\$176,980,000

Exercise price: US\$620,000,000

[4] Background to acquisition of preferred stock from the FA

In order for our company to obtain 100% ownership of Gyrus, we acquired the preferred stock issued by the FA on March 31, 2010 at US\$620 million. The acquisition price was decided by using a value halfway between each party's estimated fair values (the value set by Olympus was obtained via third-party fair value estimation).

[5] Subsequent status of the FA

The business relationship between the FA and our company ended with the acquisition of the preferred stock and therefore Olympus is not aware of the subsequent status of the FA.

[6] Olympus's view of the acquisition of Gyrus

Through this acquisition, in addition to strengthening our company's product range in the surgical sector, which is expected to experience growth, we will be able to expand our sales network in Gyrus's prime marketplace of the USA, which we judged would greatly contribute to the maximization of our company's value. We decided that the acquisition amount was a reasonable one as a result of comprehensive

examination from a general perspective with due diligence of Gyrus's financial status, its business condition, potential synergies, and so on.

[7] Opinion of corporate auditors on decision to acquire Gyrus

By unanimous resolution of the board of corporate auditors, their conclusion is that "No dishonesty or illegality is found in the transaction itself, nor any breach of obligation to good management or any systematic errors by the directors recognized."

(2) Acquisition and subsequent impairment charges for Altis Co., Ltd. (hereafter "Altis"), News Chef Co., Ltd. (hereafter "News Chef") and Humalabo Co., Ltd. (hereafter "Humalabo")

[1] Outline of the three companies

Company name	Altis Co., Ltd.	News Chef Co., Ltd.	Humalabo Co., Ltd.
Address	11-9-1 Azabudai, Minato-ku, Tokyo	11-9-1 Azabudai, Minato-ku, Tokyo	11-9-1 Azabudai, Minato-ku, Tokyo
Capital funds	488 million yen	499 million yen	439 million yen
Primary business areas	Environmental solutions business proposing resource recycling and CO2 reduction focused on petrochemical plants	<p>Planning development, manufacture, and sale of food kits</p> <p>Planning, development, and operation of stores selling food kits</p> <p>Planning, development, manufacture, sales, and licensing management for cookware for use with microwave ovens</p> <p>Business planning, development, management, and consulting utilizing cookware for use with microwave ovens</p>	<p>Sale of health food products and beauty products</p> <p>Cultivation, research, and development of basidiomycota and other fungi</p> <p>Research and development / sale of skin improving substances using basidiomycota</p> <p>Development and sale of products for use in agriculture contributing to growth and preservation of crops</p>

[2] Timing, amount and purpose of acquisition

Company name	Altis Co., Ltd.	News Chef Co., Ltd.	Humalabo Co., Ltd.
Acquisition timing	From May 22, 2006 to April 25, 2008	From May 22, 2006 to April 25, 2008	September 10, 2007 to April 25, 2008
Total acquisition amount	28,812 million yen	21,408 million yen	23,199 million yen
Acquisition purpose	The companies were acquired as part of the creation of a new business in the area of health care.		

[3] Correctness of the procedures for the acquisition

An appraisal was obtained from an external accounting firm as a third party. A resolution on the acquisition of the three companies was also obtained at the board of directors' meeting on February 22, 2008.

[4] Appraised value at the time of acquisition

Calculation method: Corporate worth appraisal using the DFC method

Altis: 33.5 billion – 47.0 billion yen

News Chef: 33.6 billion – 38.3 billion yen

Humalabo: 29.8 billion – 39.3 billion yen

[5] Time, amount and reason for post-acquisition impairment

Time: March 31, 2009

Amount: Altis: 19,614 million yen

News Chef: 17,699 million yen

Humalabo: 18,370 million yen

Reason: In consideration of the worsened external environment following the 2008 recession, we conservatively wrote down the values involved.

[6] Olympus's view of the acquisition

One of the business objectives of our company is expansion by new business creation, hence we acquired these companies and made them subsidiaries in order to gain possession of their promising technology in the health care field.

[7] Opinion of corporate auditors on authority for acquisition

By unanimous resolution of the board of corporate auditors, their conclusion is that "No dishonesty or illegality is found in the transaction itself, nor any breach of obligation to good management or any systematic errors by the directors recognized."

3. Future release of information by Olympus Corporation

Olympus Corporation intends to issue promptly any further information arising from this matter that it deems should be released.

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