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Company: Olympus Corporation
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Additional Information on our previous acquisition deals

1. Additional Information on our previous acquisition deals

(1) Payment to the advisor for the acquisition of Gyrus Group PLC (“Gyrus”)

<u>The acquisition of Gyrus was a strategic M&A deal in our growing sector, and was approved by the resolution at a Board meeting. The details follow:</u>

[1] Necessity for the acquisition of Gyrus in terms of business strategy

In the healthcare business, we started considering M&A deals since 2003 under the policy to enhance sales, in addition to the digestive endoscopy where we had 70% share of the market in the world, in the peripheral field of endoscopes, namely minimally invasive therapy market such as surgical and endotherapy devices. This policy was handed over by our 2006 Corporate Strategic Plan, resulting in the acquisition of Gyrus in 2007, the company which has the strength in radio-frequency energy technology in the field of less invasive therapy. This acquisition has achieved “ideal complementary relationship in product portfolio” and “extension of the global sales network” in this field to significantly contribute to enhancement of our business foundation to date.

<u>As for the strategic consultant, we have not disclosed its detail for the purpose of protecting personal information. However, considering potential impacts on the market from some media reports and speculation, we will disclose the detail as below:</u>

[2] Background of the selection of the strategic consultant

Since an acquisition candidate based on the policy above was assumed from the beginning to be a large scale worth 600 to 700 billion yen, we needed a strategic consultant that was a general company not only capable of “valuation of proper acquisition price” but also having "ability to select targets," "a strong connection in the M&A world," and even "ability of coordination including financing" for a large-sized acquisition deal.

Since around 2006, we initiated negotiation with several potential target companies through Axes America LLC ("Axes"), which was represented by Mr. Hajime Sagawa (who has lived in the United States since the 1980s, has work experiences for a Japanese securities company based in New York, and established Axes in 1997 after working for foreign financial institution after quitting from the Japanese securities company). During the negotiation, we confirmed that Axes actually had ability to take advantage of its connection to conduct negotiation with potential target companies. Therefore, we concluded a contract ("Original Agreement").

Moreover, our advisory team decided to newly include Perella Weinberg Partners UK LLP ("Perella") as a financial advisor who had ample experiences in M&A, and Weil, Gotshal&Manges LLP ("Weil, Gotshal") as a legal advisor in addition to Axes. Due to this change, we concluded an amended version of the Original Agreement ("Amendment Agreement") so that it introduced an acquisition fee table where success fee varied depending on the acquisition size.

In the Board meeting held on November 19th, 2007, we approved the acquisition of Gyrus with the total acquisition amount of about 935 million pound, as well as the content of the Original Agreement and the Amendment Agreement with Axes described above.

Please note that there are no personal interests between our Directors and Axes/Mr. Sagawa.

- Outline of the Agreement

(Original Agreement)

Concluded in June 2006

Basic fee:	3 million USD	Success fee:	1% of the acquisition amount (20% in cash, 80% in stock options)
Basic fee:	2 million USD		

(Amendment Agreement)

Concluded in June 2007

Basic fee: 3 million USD Success fee: 5% of the acquisition amount (varies

	within a certain range based on the acquisition amount)
Basic fee: 2 million USD	of which 15% in cash (up to 12 million USD) 85% in stock options Warrant provided

Since we originally assumed a large-sized acquisition deal worth 600 billion to 700 billion yen, the Original and Amendment Agreements defined the high ratio of stock options, assuming joint investment with the strategic consultant.

[3] Shift in business strategy regarding Gyrus

Olympus paid, based on the original and amendment contracts, a basic fee of US$5 million in June 2006, and a completion fee of US$12 million in November 2007 in the wake of the success of Gyrus acquisition in the same month of the same year, and in addition provided stock options covering 9.9% worth of outstanding shares of Gyrus (equivalent to US$177 million, calculated based on the acquisition unit price of Gyrus stocks) in February 2008 to Axes.

We initially planned the offering of Gyrus stock in public again in the future. However, in the process of detailed examination of the situation of Gyrus after acquisition, it was discovered that more synergy effects than previously anticipated could be achieved at an early stage, including ample room for cross-selling particularly in the US market, and certain cost reduction expected by introducing our management methods to Gyrus manufacturing sites. In response to such changes in the conditions, we gave up re-offering of Gyrus stock, and decided at the Board of Directors' meeting in April 2008 to acquire 100% ownership of Gyrus and to implement business merger with our US subsidiaries at an earlier point, aiming to accelerate the improvement of market share and the earning recovery in the surgical business.

In the wake of this shift in business strategy, a negotiation was started with the view to acquisition of stock options, and as a result, a contract among Olympus, Gyrus, Axes, and Axam Investments Ltd. (hereafter "Axam") of issuing dividend preferred stocks to Axam in exchange for stock options was approved at the Board of Directors' meeting and signed in September 2008. Also, the meeting resolved on paying US$50 million in exchange for warrants based on this contract.

In addition, Axam is a fund which was launched by Hajime Sagawa of Axes as premises for funding a series of M&A.

[4] Olympus's view of the total consulting fees of US$244 million in the acquisition of Gyrus

The consulting fees amount to US$244 million, made up of US$5 million as basic fee, US$177 million provided as stock options according to a higher option ratio set against the success fee at the times of the original and revised contracts, andUS$12 million in cash as success fee. Furthermore, we paid US$50 million in exchange for warrants.

Our payment made to Axes includes not only fee for the general so-called FA practice, but fee for comprehensive consulting of affairs necessary for M&A, and lump sum fee for Parella and Weil, Gotshall other than Axes.

All these are the payment stipulated at the time of the contracts, and we do not consider they are unreasonably high.

[5] Purchase of dividend preferred stocks issued in exchange for stock options and the price

Olympus issued dividend preferred stocks of US$177 million to Axam in September 2008 in exchange for purchase of stock options of US$177 million provided as consulting fee. Later, Axam demanded in November 2008 that we approve their divestiture of such stocks to any third party or acquire the stocks against a backdrop of the US financial crisis, and therefore we started considering the purchase of these stocks.

At first, we aimed for offering Gyrus stocks in public again, however we gave it up, and while being unable to anticipate a corresponding profit by exercising stock options, Axes hoped our purchase of the stocks at corresponding price. Axam offered their purchase at a price equivalent to the permanent price of 10% expected dividend of stock options, which led to over a year-long negotiation with Axam, however we reached a decision that we would acquire the stocks at US$620 million in March 2010, in order to avoid increased value of dividend preferred stocks with future expansion of surgical business as well as to avoid selling to any third party.

Such purchase reflected our management judgment that the value of the surgical business could be maximized truly by full merger of Gyrus. In addition, the difference between the acquisition price of US$620 million and the issuing price of US$177 million is reported as goodwill as this is a purchase of the stockholder's right designed to obtain 100% ownership of Gyrus.

Given the above, we recognize that there were no facts of illegality or illicitness related to a series of transactions regarding our acquisition of Gyrus. In addition, although our payment was made to Axes and Axam, we are not in a position to be aware of the financial flow after payment in terms of confidentiality of funds etc.

(2) Regarding the acquisition of Altis Co., Ltd. (hereinafter, Altis), NEWS CHEF, Inc. (hereinafter NEWS CHEF), and Humalabo (referred to collectively as "the three new companies"):

In terms of the acquisition of "the three new companies," these are strategic M&A matters in growth areas for the company, and they are decided by the Board of Directors.
In addition, there is no relationship between these matters and the M&A of Gyrus. Details follow.

[1] Details on the acquisition of the three new companies

Besides endoscopes, cameras, and microscopes, "new business creation" has long been the ardent desire at Olympus striving to increase even one or two core businesses, incorporating "new business creation" as an integral part of the management plan for nearly twenty years. In addition to proprietary research, we explored ways to further increase the pace and expand potential toward achieving new business creation, and in the Board meeting held in January 2000, it was decided, as one of the methodologies, to invest 30 billion yen in a business investment fund (hereinafter, "the Fund").

In that year 2006, the Fund set out to assess whether the Fund should become a priority investor because the three businesses represented an extremely significant value, and they held discussions on the matter. As a result, they proactively considered the goal of successfully creating and operating new businesses, and they reached the conclusion that they would conduct proprietary investigations to determine how to retain equity, additional acquisitions by the Fund and valuation of the business. Subsequently, as a result of the investigations—including business plans by the business investment committee, assessments of business value, and "Venture Business Value Preliminary Calculations" involving an external third party organization—a "Report of Examination Results" was created in March 2006. All of the three new companies were determined to have great potential in the medical and health care industries, and investment was made under the condition that it is within the range of the valuation and our equity should be equal to or less than 40%.

After the termination of this Fund, management rights for the three new companies were acquired and—through prompt decision making, for the purpose of a full scale launch of these businesses—shares were purchased from other shareholders, based on decisions taken at the Board meeting in February 2008. At this point, estimated stock values data based on the business plans of the companies were presented to the Board, and stock valuation reports were obtained from an external third party organization for stock price estimates. The business values of the three new companies according to the estimates in this report are as follows.

Business Value:	Altis Co., Ltd.	33.5 billion to 47.0 billion yen
	News Chef Inc.	33.6 billion to 38.3 billion yen
	Humalabo	29.8 billion to 39.3 billion yen

The breakdown of the investment amount to the three new companies by the company based on the details described above is as follows:

Altis Co., Ltd.

(Acquisition value per share and Acquisition value are shown in million yen)

Date	No. of shares acquired	Acquisition value per share	Acquisition value	Investment ratio	Notes
2006/May/22	30	5.8	173.7	0.77%	Direct investment by Olympus
2007/Sep/30	1,480	3.0	4,436.4	37.95%	Receipt of actual stock accompanying the termination of the Fund
2007/Nov/20	50	5.8	289.5	40.00%	Acquisition from third party shareholder
2007/Dec/20	34	5.8	196.9	40.52%	Acquired through an allocation of new shares to a third party
2008/Mar/26	1,650	11.0	18,150.0	82.46%	Acquisition from third

					party shareholder
2008/Apr/25	530	10.5	5,565.0	95.93%	Acquisition from third party shareholder
Total	3,774	7.6	28,811.5	95.93%	

News Chef Inc.

(Acquisition value per share and Acquisition value are shown in million yen)

Date	No. of shares acquired	Acquisition value per share	Acquisition value	Investment ratio	Notes
2006/May/22	20	4.5	89.0	0.55%	Direct investment by Olympus
2007/Sep/10	20	4.5	89.0	1.09%	Acquisition from third party shareholder
2007/Sep/30	1,400	1.4	1,980.0	39.34%	Receipt of actual stock accompanying the termination of the Fund
2008/Mar/26	1,600	9.5	15,200.0	83.06%	Acquisition from third party shareholder
2008/Apr/25	450	9.0	4,050.0	95.36%	Acquisition from third party shareholder
Total	3,490	6.1	21,408.0	95.36%	

Humalabo

(Acquisition value per share and Acquisition value are shown in million yen)

Date	No. of shares acquired	Acquisition value per share	Acquisition value	Investment ratio	Notes
2007/Sep/10	10	14.4	143.8	0.61%	Acquisition from third party shareholder
2007/Sep/30	520	8.9	4,610.0	32.12%	Receipt of actual stock accompanying the termination of the Fund
2008/Mar/26	670	20.5	13,735.0	72.73%	Acquisition from third party shareholder
2008/Mar/27	30	20.5	615.0	74.55%	Acquisition from Olympus Finance Hong Kong

					Limited (Our 100% subsidiary whose additional shares allocated to us in May 2006)
2008/Apr/25	210	19.5	4,095.0	87.27%	Acquisition from third party shareholder
Total	1,440	16.1	23,198.8	87.27%	

[2] Our perspective on the background of the acquisitions of the three new companies

All of the business activities of the three new companies are closely related to medical business, which is our core business. Therefore, we are aiming at the synergy effect with the medical business by launching new business in the fields of medicine and healthcare, and it is not true that the acquisition has nothing to do with our business.

Altis is mainly engaged in recycling business for medical waste, so we can expect not only coordination with our medical business but also contribution to the environment.
NEWS CHEF is mainly engaged in manufacture of plastic containers which can be used for cooking by microwave, and we are aiming at a development of the business areas of disease prevention and prognosis through foods.
Humalabo is mainly engaged in developments of supplements with ingredients extracted from shiitake mushroom mycelium, and we are trying to make approaches to the field of healthcare by making use of the supplements.

In the acquisitions of the three new companies, establishment of the Fund through acquisition of the shares of the three new companies through the Fund, cancellation of this Fund, the series of acquisitions of 100% ownerships by additional share acquisition thereafter, etc. was determined through continuous discussion between our company, the Fund and the three new companies, in-house examination by the management planning headquarters, evaluation/deliberation/approval of the business plans, business values, etc. in the business investment committee, deliberation in the executive committee, and deliberation/resolution in the Board meeting. Therefore, we implemented the procedure which companies commonly adopt in an acquisition of shares.

In addition, on important occasions in the series of the share acquisitions, the business values of the three new companies were calculated by an external independent institution. In any of the share acquisitions, our acquisition amount is within the range of or below the value calculated by the external independent institution.

In the "share-holder value calculation report" obtained at the time of adding to holdings in 2008, the share-holder values are calculated based on the mid-term business plans which each of the three new companies prepared, but we independently evaluated the appropriateness of the business plans by carefully considering the market environments, business edges, risks, etc. of the three new companies. Specifically speaking, we newly established the New Business Administration Division in March 2007 and are making efforts to support promotion of the business of each company and grasp the business status by dispatching our employees to the three new companies, etc. In addition, we are conducting detailed explanations and discussions on the "business development status and future plans" of each company in the Executive Management Committee. Moreover, toward buying more shares of the three new companies, we examined the business plans in the executive committee and Board meeting in February 2008.

As stated above, there is no fact that we did something illegal or unauthorized in the acquisitions of the three new companies. In addition, though we bought shares from third parties, we did not conduct an investigation for the third parties concerned, and were not able to grasp the flow of the funds after that.

[Reference: Overview of the Fund]
(Operating company) GCI Limited
(Purposes of the Fund)
- Creation of new business through business plans and acquisitions of technical/business-related information, partnership, etc.
- Establishment of the investment organization by using external resources and improvement in the speed of commercialization
- Acquisition of capital gain as investment results
In addition to theses, we instituted the "business investment committee" and established the organization in which it checks the track records of the Fund and reports to the Board meeting.

[3] Reason for booking of impairment loss from the acquisitions of the three new companies

In addition to the fact that the business prospect diverged from the assumption we had at the time of the investment (May 2006 and September 2007), the external environment worsened due to Lehman shock, etc. Therefore, we conducted the accounting treatment from a conservative viewpoint.

[4] Balance of the goodwill of the three new companies (as of the end of March 2011)

Among the three new companies, Altis has the balance of the goodwill as of the end of March 2011, and its amount is 2.6 billion yen.

[5] The addresses of the three new companies

We integrated the head office functions of the three new companies, which were originally separately headquartered, into one place to improve the efficiency of office work.

2. Further steps

We will immediately disclose any further information that requires disclosure.

Various reports have been made based on speculation about our past acquisitions, but we recognize that information we disclose this time is true. We are setting up an independent committee and conduct an examination by external experts from a fair viewpoint from now on. We will consider taking necessary legal actions against any acts or any person of misguiding the market with wrong information with regards to our legitimacy and the facts.

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