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News Release

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Submission of “Amendments to Internal Control Reports”

The Company, having considered the investigation results of the Third Party Committee’s Investigation Report, which was received on December 6, 2011, has today submitted Amendments to Internal Control Reports, which describe material faults in the Company’s internal control system. We therefore inform you of the following.

1. Internal Control Reports Subject to Amendment

- (i) 141st fiscal year (from April 1, 2008 to March 31, 2009) Internal Control Report
- (ii) 142nd fiscal year (from April 1, 2009 to March 31, 2010) Internal Control Report
- (iii) 143rd fiscal year (from April 1, 2010 to March 31, 2011) Internal Control Report

2. The Content of the Amendments

The amendments made to (i) the 141st fiscal year Internal Control Report are as set out below. The amendments made to (ii) the 142nd fiscal year Internal Control Report and (iii) the 143rd fiscal year Internal Control Report are the same (as those made to (i) the 141st fiscal year Internal Control Report), except that the reference to “March 31, 2009” in the second line of “3. Matters Relating to the Evaluation Results” should be read as “March 31, 2010” and “March 31, 2011”, respectively.

3. Matters Relating to the Evaluation Results (Before the Amendments)

As a result of the evaluation mentioned above, it has been concluded that the internal control relating to the Company’s financial reporting was effective at the end of this business year.

(After the Amendments)

Insufficient internal control relating to financial reporting, as set out below, leads to a material impact on financial reporting, and has been identified as a material fault. Therefore, it has been concluded that the Company’s internal control relating to financial reporting dated March 31, 2009 was not effective.

It has come to light that inappropriate accounting methods were applied in the Company. In relation to whether or not there occurred unlawful and inappropriate conduct or inappropriate management decisions in the context of the Company’s past acquisitions, an investigation committee, which is independent from the Company (hereafter, the “Third Party Committee”), was set up on November 1, 2011 and undertook an impartial and thorough-going investigation. Through this investigation, it became clear that the Company had been postponing losses relating to securities investments etc. from around the 1990s onwards, that remuneration paid to advisers on the Gyrus Group PLC acquisition, the purchase funds

relating to the buy-back of preference shares and the funds used to acquire three new business domestic companies (Altis Co., Ltd., News Chef Inc. and HumaLabo Co., Ltd.) were used, through several funds, to settle unrealised losses on securities etc. caused by postponement of losses. A summary of the results of the Third Party Committee's investigation was posted on the Company's website on December 6, 2011.

By way of response to these matters, the Company has corrected its accounts from the fiscal year ending in March 2007 onwards, and has submitted amendments to the securities report for the fiscal year ending in March 2007, and the securities reports and the quarterly securities reports relating to the period from March 2008 to the first quarter in March 2012. In relation to these matters, due to former managements' collusion for inappropriate purposes, the board of directors and the board of auditors, which, as an important element of the overall Company's internal control systems, had supervisory responsibilities in relation to management operations, did not function properly. Moreover, there were problems about the corporate culture and awareness of compliance and, furthermore, the internal control reporting system did not function properly. This insufficiency of internal control relating to financial reporting gave rise to a material impact on financial reporting and was a material fault. Therefore, it has been concluded that the internal control relating to the Company's financial reporting at the end of this business year was ineffective.

The Company is aware of the importance of internal control relating to financial reporting and, in order to rectify this material fault, the Company will take correction measures and preventive steps with consideration of the recommendation of the Third Party Committee, and put in place and operate appropriate internal control processes in a way that will prevent management from taking any wrongful measures to disable or circumvent those internal control systems.

The Company is considering the following steps for the purposes of rectifying the material faults of the internal control relating to financial reporting.

1. Overhaul of the management system
2. Thorough review of governance system
3. Reinforcement of management supervision system
4. Enhancement of external directors and external auditors
5. Reform of mindset of auditors and board of auditors
6. Reform of mindset of directors and employees and creation of appropriate working environment

As a part of the above-mentioned rectification measures, the Company will undertake the following steps.

1. In accordance with the investigation by the "Director Liability Investigation Committee", which was established by the board of auditors on the recommendation of the Third Party Committee's report, and the "Non-Director Management Liability Investigation Committee", which was established by the board of directors on the recommendation of the Third Party Committee's report, the Company will clarify the responsibility of individual directors (including ex-directors) and will announce the results.
2. The Company will receive from the "Management Reform Committee", which was established by the board of directors on the recommendation of the Third Party

Committee's report, an assessment of all Company proposals to be made to the next general shareholder meeting and, following the approval of the Management Reform Committee, will make such proposals to the shareholders.

3. The current board members will address the corporate crises such as correction of the past false financial statements, and then, once a path to rebuilding the Company has become clear, the current board members will step down at the appropriate time based on the recommendations in the Third Party Committee's report.

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