TRANSLATION FOR REFERENCE PURPOSSE ONLY

# Investigation Report

## Summary Version

January 8, 2012

Olympus Corporation

Director Liability Investigation Committee

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January 8, 2012

To: Olympus Corporation Board of Auditors

Olympus Corporation Director Liability Investigation Committee

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| Commission Chairman | Kazuo Tezuka [seal:] Lawyer, Kazuo Tezuka |
| Commissioner | Hideki Matsui [seal:] Lawyer, Hideki Matsui |
| Commissioner | Satoru Mitsumori [seal:] Lawyer, Satoru Mitsumori |

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<Table of Contents>

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## Section 1 Outline of Investigation

### 1. Background to the Establishment of the Director Liability Investigation Committee

#### (1) Establishment of the Third Party Committee and the Submission of the Investigation Report

With the removal etc. of Mr. Michael Christopher Woodford (hereinafter referred to as "Woodford") from his positions of representative director and Chief Executive Officer at the Board of Directors' meeting on October 14, 2011 providing the momentum, the voices of shareholders questioning the validity and demanding clarification of the situation regarding fee payments to the Financial Advisor (hereinafter referred to as "FA") in the acquisition of Gyrus Group PLC (hereinafter referred to as "Gyrus"), and the acquisition and associated recognition of impairment loss of Altis Co., Ltd. (hereinafter referred to as "Altis"), NEWS CHEF Co., Ltd. (hereinafter referred to as "NEWS CHEF") and Humalabo Co., Ltd. (hereinafter referred to as "Humalabo." Note, together with Altis and NEWS CHEF, these are called the "Three Domestic Companies") became vociferous, and the stock price of Olympus Corporation (hereinafter referred to as "Olympus") declined sharply.

Accordingly, in order to fulfill its accountability to stakeholders, such as shareholders, and to seek recommendations for improving the governance regime, etc., on November 1 of that same year, Olympus established an investigation committee, composed of 5 lawyers and 1 certified public account who have no vested interest in Olympus (Chairman: Tatsuo Kainaka, attorney-at-law. Hereinafter referred to as the "Third Party Committee.")

Subsequently at Olympus, it was discovered that the posting of losses connected with securities investments etc. had been deferred from around 1990, so the Third Party Committee was also commissioned to investigate the facts regarding said deferral, and submitted the Investigation Report (hereinafter referred to as the "Third Party Committee Investigation Report") on December 6, 2011 on that commissioned work.

#### (2) Shareholders' Claim to File Suit Against Current and Former Directors

On November 7, 2011, Olympus received from its shareholders a claim to file suit to pursue the liability of current and former directors who are judged to be liable for the acquisition of Gyrus and the Three Domestic Companies (note that it was on November 9, 2011 that the individual shareholders' notification under Article 154, Paragraph 3 of the Act on Transfer of Bonds, Shares, etc. was received from said shareholders). Olympus also received, on November 17, 2011, from the above-noted shareholders, an additional claim to file suit to pursue the liability of current and former directors who are judged to be liable for unlawful expenditures for the acquisition of Gyrus and the Three Domestic Companies, for avoidance of posting losses and covering losses, and for the response to suspicions regarding unlawful actions pointed out by Woodford.

#### (3) Establishment of the Director Liability Investigation Committee

In response to the foregoing, with regard to the deferment of posting of losses in the past and its associated series of problems, in order to have an investigation committee whose independence has been secured conduct a thorough investigation on whether or not there were actions that correspond to violations of the duty of due care of a prudent manager in the current and former directors' performance of duties, and to clarify the liability of the current and former

directors regarding this series of problems, on December 7, 2011, the Board of Auditors of Olympus established the Director Liability Investigation Committee, composed of 3 lawyers who have no vested interest in Olympus or the current and former directors (chairman commissioner: Kazuo Tezuka. Hereinafter referred to as the "Director Liability Investigation Committee" or "this Committee").

2. Amendment of Securities Reports, etc. by Olympus and Addition of Commissioned Work

After this Committee began its investigation, on December 14, 2011, Olympus submitted to the Kanto Regional Finance Bureau an Amendment Report for Securities Reports, etc. on the settlement of accounts in past fiscal years from the fiscal year ending March 2007 to the fiscal year ending March 2011.

As a result, on the same day, the Board of Auditors of Olympus requested this Committee to include as its subject of investigation and review whether the current and former directors took actions that fall under violations of the duty of due care of a prudent manager in the performance of their duties on the issue of dividend distributions of surplus money that was implemented after April 1, 2007, and so additional work was commissioned.

3. Composition of this Committee

(1) Composition

The composition of this Committee is as follows. None of the committee members have any vested interest in Olympus or the current and former directors.

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| Commission Chairman: | Kazuo Tezuka | (attorney at law) |
| Commissioner: | Hideki Matsui | (attorney at law) |
| Commissioner: | Satoru Mitsumori | (attorney at law) |

(2) Assistants

This Committee appointed the following lawyers and 6 certified public accountants as assistants, and had them assist in this investigation. None of these assistants have any vested interest in Olympus or the current and former directors.

(Kaneko & Iwamatsu Law Office)

Lawyer Takashi Kisaki, Lawyer Kengo Iida

(Marunouchi Sogo Law Office)

Lawyer Koichiro Oba, Lawyer Taizo Ota, Lawyer Takashi Nuibe

Lawyer Wataru Nagashima, Lawyer Akira Nakano

(Asahi Law Offices)

Lawyer Noriyasu Kaneko, Lawyer Jun Yamazaki

4. Purpose of Investigation and Review

The purpose of the investigation and review that was commissioned to this Committee is an investigation and review from a legal perspective regarding the problems in ① and ② below, regarding whether or not there were actions

that fall under violations of the duty of due care of a prudent manager in the performance of duties by the current and former directors of Olympus, and based on those results, to provide the judgment of this Committee as to whether or not it would be appropriate for Olympus to file suit to pursue the liability of the current and former directors.

① The deferment of posting of losses by Olympus connected with securities investments etc. from about the 1990s and the associated series of problems, centering around the method of using the acquisitions of Gyrus as well as Altis, NEWS CHEF, and Humalabo (hereinafter referred to as the "Series of Problems").

② The problem of the dividend distributions of surplus money that Olympus implemented after April 1, Heisei 19 (2007) (hereinafter referred to as the "Problem of the Surplus Dividend Distributions").

## Section 2 Method and Scope of Investigation and Review

### 1. Method of Investigation and Review

#### (1) Investigation of Facts

Due to the background that the Board of Auditors of Olympus established the Directors Liability Investigation Committee on the premise of taking the investigation results and recommendations of the Third Party Committee seriously, and from the perspective of time constraints in terms of the time limit for addressing the previously-noted claim to file suit by the Olympus shareholders, this Committee decided to proceed with the investigation and review of each, by taking the facts that were identified by the Third Party Investigation Report as the premise for the Series of Problems, in principle, and the amounts and figures that were listed in the Amended Report for the Securities Reports, etc. for the fiscal year ending March 2007 to fiscal year ending March 2011 that were submitted to the Kanto Regional Finance Bureau (note that this was again amended on December 26, 2011) as the premise for the Problem of the Surplus Dividend Distributions, in principle.

Of course, in light of its duties, this Committee took procedures to interview the current and former directors. Specifically, together with obtaining opinions, etc. through written inquiries of all current and former directors listed later who were targeted in the investigation (excluding those who had already died and those who do not reside in Japan), and for those in which it was considered necessary, we also conducted direct interviews. Also, this Committee conducted an investigation of the facts that were insufficiently recognized by the Third Party Committee Investigation Report in making the judgment on the liability of directors and whether or not it would be appropriate to file suit to pursue liability, as well as investigations that were considered reasonably necessary for performing the work that was commissioned. Specifically, documents that were submitted by Olympus to the Third Party Committee and other documents were reviewed and analyzed, and a total of 31 interviews were conducted of Olympus' directors and auditors (including those that had already retired), as well as employees.

#### (2) Review of Directors' Liability

Together with the investigation of item 1, this Committee performed the work of reviewing and judging whether or not there was liability as directors and whether or not it would be appropriate to file suit to pursue the liability of current and former directors of Olympus (the specific scope is listed later under item 2) for the Series of Problems and the Problem of the Surplus Dividend Distributions etc.. Specifically, court cases questioning violations of the directors' duty of due care of a prudent manager on the part of directors were reviewed and analyzed, and legal principles were searched in suits that pursued the liability of directors, and based on the facts recognized in (1), the judgment was made on whether or not there was liability on the part of the directors, and regarding the Series of Problems, Olympus' damages with legally sufficient cause were reviewed and judged for which the directors should be held accountable.

2. Scope of Investigation and Review

In investigating and reviewing its commissioned work, this Committee mainly investigated and reviewed the following items:

(1) Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the formulation and maintenance of the loss separation scheme

① Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the preparatory actions for loss separation and the action of loss separation

② Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the maintenance of the state of loss separation

③ Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the acquisition of ITX shares

(2) Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the loss separation settlement scheme

① Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the additional purchase of shares in the Three Domestic Companies

② Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding payment of the FA fee connected with the Gyrus acquisition

(3) Whether or not there were violations of the duty of due care of a prudent manager on the part of the directors regarding the response after press reports etc. were released on suspicions (hereinafter referred to as the "Emergence of Suspicions") regarding the Three Domestic Companies and the Gyrus problem

(4) Whether or not there was liability of directors regarding the misrepresentations in the securities reports, etc. submitted after the fiscal year ending March 2007

(5) Liability of directors regarding the dividend distributions of surplus money etc. implemented after April 1, 2007

(6) Violations of the duty of due care of a prudent manager on the part of the directors and damages

(7) Individual liability of current and former directors and whether or not it would be appropriate to pursue liability

Also, the scope of directors who were the subject of the above-noted investigation on whether or not there were violations of the duty of due care of a prudent manager and whether or not there were liabilities was restricted to the current directors of Olympus and those who were in the position of director after the closing of the regular shareholders meeting held in June 1997.

## Section 3 Outline of This Incident

1. Olympus' Management of Financial Assets and Generation of Massive Losses

With the sharp appreciation of the Yen after 1985, Olympus faced significant decreases in operating profit, and based on the judgment that it would be difficult to immediately improve operating revenue through sales efforts in its main business, during the era when Toshiro Shimoyama (hereinafter referred to as "Shimoyama") was president, a policy was set forth for actively deploying financial measures that aimed at the efficient management of excess money, in order to increase non-operating profit. Under said policy, Olympus, in managing its financial assets, and in addition to the safe financial instruments up to that time, started performing active money management through domestic and overseas bonds, futures transactions in stocks/ bonds, interest and currency swaps, structured bonds, specified money trusts and specified fund trusts. Later, however, in the beginning of 1990, with the bursting of the so-called bubble economy, Olympus came to bear losses through its management of financial assets, and in order to recover said unrealized losses, planned on recovering massive losses through financial instruments, whose risks were higher, such as derivatives, from which large returns could be expected. However, as a result, losses deepened through such instruments.

Under such circumstances, the mark-to-market accounting standards were to be introduced from the fiscal year ending March 2001, in which a market value basis would be adopted to replace the acquisition cost basis that had been

used up to that time, and Olympus faced a situation where it would have no choice but to post as a valuation loss the massive unrealized losses that had ballooned to about 95 billion Yen by 1998, if a marked to market valuation were to be applied to its financial assets.

2. Execution of Separation of Losses in Financial Instruments and Maintenance of Separated State

Faced with such situation, employees affiliated with the Finance Department, Hideo Yamada (hereinafter referred to as "Yamada") and Hisashi Mori (hereinafter referred to as "Mori") received advice from external consultants, and from around March 1998, formulated a scheme for separating losses from Olympus (hereinafter referred to as the "Loss Separation Scheme") by having receiver funds that were not subject to Olympus' consolidation purchase financial instruments with large unrealized losses at book value, and came to execute that scheme under the approval of Masatoshi Kishimoto (hereinafter referred to as "Kishimoto"), who was the president at that time. Specifically, in order to inject purchase capital into said funds, they formulated and executed the method of ① having banks make loans to the receiver funds etc., using Olympus' deposits as collateral, and the method of ② Olympus investing in business investment funds, and having money flow from those funds to the receiver funds. And in the Loss Separation Scheme, many overseas funds were made to intermediate between Olympus and the receiver funds, with the cooperation of multiple outside collaborators, in order to make Olympus and the receiver funds appear unrelated, so that the mechanism was extremely complex. And in executing this Loss Separation Scheme, Makoto Nakatsuka (hereinafter referred to as "Nakatsuka") was involved in the practical work.

With regard to Tsuyoshi Kikukawa (hereinafter referred to as "Kikukawa") as well, the details of the Loss Separation Scheme and facts of its execution were reported to him at least by January 2000, and he is seen to have become aware in that way.

The Loss Separation Scheme was executed by an extremely limited number of employees who belonged to the Finance Department, and said state of loss separation was subsequently maintained by those limited employees and directors who were in charge of the Finance Department (hereinafter referred to as the "Directors and Others Involved"). Also, while the loss separation was being executed (March 2000), the Directors and Others Involved had 9323 shares of ITX stock purchased for a total of 10 billion Yen with the fund (ITV) that was used for the Loss Separation Scheme, but because the stock price declined, Olympus suffered damages.

Since at least June 2001, when Kikukawa took office as president, periodic reports were made directly in meetings where Kishimoto, Kikukawa and others participated, at a frequency of twice a year, on the status of the unrealized losses of financial assets that had been separated into the receiver funds, and periodic reports separate from those meetings were made to Shimoyama also, but it is thought these were not conveyed to directors or auditors other than Shimoyama, Kishimoto, or Kikukawa. Also, not only was the mechanism of said Loss Separation Scheme extremely complex, but since there were coordinated and devious cover-up operations undertaken by the Directors and Others Involved with collaborators outside the company, as a closed scheme, so to speak, that was intentionally hidden by the Directors and Others Involved, this did not become known by directors, auditors, or employees other than those in the Finance Department, nor by the auditing firm for a period as long as over 10 years thereafter.

3. Actions in Preparation for Settlement of Separation of Financial Assets

The Directors and Others Involved had been thinking that the losses that were separated in this way from Olympus needed to be settled eventually, and for that method they considered adding the losses separated in the Loss Separation Scheme to the asset value, when acquiring shares and assets of other companies in corporate acquisition projects, and by paying large fees to FAs on the occasion of those acquisitions, posting those additional amounts and fees as assets, such as "goodwill," and afterwards, depreciating them gradually by posting them as expenses over the depreciation period in the accounts (hereinafter referred to as the "Loss Separation Settlement Scheme"), thereby attempting to settle the separated losses in that way. And so, after obtaining the approval of Kikukawa, who was the president at that time, Yamada and Mori formulated and executed the 2 methods of settling the state of loss separation, those being the additional purchase of shares in the Three Domestic Companies of Altis, NEWS CHEF, and Humalabo (referring to that based on the resolution of the Board of Directors' meeting held on February 22, 2008. The same hereinafter.) and the purchase of the warrant purchase rights and preferred shares that were issued as the FA fee connected with the acquisition of Gyrus.

Part of the additional purchase of shares in the Three Domestic Companies and the purchase of warrant purchase rights and preferred shares that were issued as the FA fee for the acquisition of Gyrus were both done through resolutions of the Board of Directors, and those meetings could have served as an opportunity for the directors and auditors other than the Directors Involved who were in attendance at those Board of Directors' meetings to come to know the facts of the above-noted loss separation, but in either opportunity, the other directors and auditors did not become aware of the purpose of the additional purchase of shares in the Three Domestic Companies or the payment of FA fees for the Gyrus acquisition, and accepted the explanations of the Directors and Others Involved, and approved them. Especially from the end of 2008 to around June 2009, the auditing firm had made extraordinary notifications to the auditors and the persons in charge of accounting that the price for the additional purchase of shares in the Three Domestic Companies and the FA fee for the Gyrus acquisition were too high, and that there were concerns about violations of the duty of due care of a prudent manager, judging from economic rationality, and notwithstanding the fact that said notifications had been reported to the Board of Directors also, the other directors etc. did not treat it as a serious matter, and subsequently, in March 2010, they passed the resolution to approve the purchase of the preferred shares that were granted as the FA fee for the Gyrus acquisition from the assignee for the enormous amount of 620 million dollars.

In contrast with the Directors and Others Involved separating the unrealized losses of financial instruments that were generated at Olympus and maintaining them, the other directors etc. could not find out about said facts for a long time, and while the Directors and Others Involved were devising transactions for settling the losses, the other directors, while they were given the opportunity to become aware during the process of discussions about those transactions at the Board of Directors' meetings, in the end, approved those transactions in those Board of Directors' meetings.

As a result, from the time the losses were separated until they were settled, interest and handling charges were generated for the formulation and maintenance of the Loss Separation Scheme, while at the same time, mainly as a result of fees etc. being paid to collaborators who were involved in the management of funds in settling the loss separation, massive damages were incurred by Olympus, while at the same time, because financial statements were not prepared properly, this lead to the execution of dividend distributions of surplus money and the acquisitions of treasury stock that exceeded the distributable amount.

4. Subsequent History

And in July 2011, there were reports released in some magazines on the suspicion that the price for the additional purchase of shares in the Three Domestic Companies and the acquisition price of Gyrus, including the purchase of preferred shares, were massive. On being notified of these by his acquaintances, Woodford, who was the representative director at that time, took actions such as independently commissioning an investigation to an outside accounting office, and with the presentation of the existence of suspicions to the directors serving as the momentum, the above-noted Third Party Committee was established at Olympus, and in the process of investigation by that Committee, the above-noted facts came to be discovered.

Section 4 Liability of Directors Who Were Participants and People Who Knew

1. Regarding the Illegality etc. of the Series of Actions

(1) Formulation and Maintenance of the Loss Separation Scheme (including Acquisition of ITX Shares)

The formulation and maintenance of the Loss Separation Scheme, and the act of newly managing the surplus funds that were injected from Olympus into the receiver funds or pass-through funds during the state in which the Loss Separation Scheme was formulated and maintained (a representative case of new funds management was the acquisition of ITX shares by ITV. Hereinafter referred to collectively as the “Formulation, Maintenance, etc. of the Loss Separation Scheme”, together with the formulation and maintenance of the Loss Separation Scheme) not only made the proper processing of settlements extremely difficult at Olympus by themselves, but at the same time, caused misrepresentations in the securities reports, etc. to be generated, and generated unnecessary burdens for Olympus (the interest, handling charges, management losses, etc. generated due to loans by funds for the Formulation, Maintenance, etc. of the Loss Separation Scheme).

Therefore, the directors and employees who were involved in the Formulation, Maintenance, etc. of the Loss Separation Scheme (hereinafter referred to as the “Participants”) or those directors and employees who knew or could have found out that the Formulation, Maintenance, etc. of the Loss Separation Scheme would be executed (hereinafter referred to as the “People Who Knew”) bore the duty to respond by stopping or correcting such actions or states, and the act of violating that duty and becoming involved themselves in the Formulation, Maintenance, etc. of the Loss Separation Scheme, or else approving (tacitly approving) or leaving them unattended, is a violation of the duty of due care of a prudent manager on the part of the directors, or is a violation of the duty of good faith on the part of the employees.

(2) Action to Settle Loss Separation

Purchasing additional shares in the Three Domestic Companies or making payment under the pretext of an FA fee for the Gyrus acquisition in order to settle the state of loss separation that was achieved by the formulation of the Loss Separation Scheme (hereinafter referred to collectively as “Loss Separation Settlement Actions”) are by themselves a use of the company’s assets for an improper purpose, and not only constitutes cause in aiding the misrepresentations in its securities reports etc., including the misrepresentation of material items, but also generates unnecessary burdens for the company (fees etc. to outside collaborators).

Therefore, the directors and employees who knew or could have found out about the execution of the Loss Separation Settlement Actions bore the duty to respond in order to stop such actions, and the act of violating that duty and becoming involved themselves in the Formulation, Maintenance, etc. of the Loss Separation Scheme, or else approving (tacitly approving) or leaving them unattended, is a violation of the duty of due care of a prudent manager on the part of the directors, or is a violation of the duty of good faith on the part of the employees.

(3) Response After the Emergence of Suspicions

The directors and auditors who were involved in the Formulation, Maintenance, etc. of the Loss Separation Scheme or the Loss Separation Settlement Actions have a duty to resolve illegal acts without covering them up, regardless of having conducted them themselves, and neglecting to do so is a violation of the duty of due care of a prudent manager.

(4) Misrepresentations in the Securities Reports, etc. Submitted After the Fiscal Year Ending March 2007

Olympus bears the duty of compliance with laws and regulations, and as such, must prepare and submit securities reports, etc. having true and correct content as set forth by the Securities and Exchange Act and the Financial Instruments and Exchange Act. Therefore, in cases where the directors and auditors who were involved in the Formulation, Maintenance, etc. of the Loss Separation Scheme or the Loss Separation Settlement Actions, or who knew or could have found out about these states and actions, approved (tacitly approved) or left them unattended without responding in order to correct them, there are violations of the duty to comply with laws and regulations, or the duty to monitor and supervise.

(5) Dividend Distributions of Surplus Money etc. that were Implemented After April 1 2007

The dividend distributions of surplus money and the acquisitions of treasury stock that were implemented after April 1, 2007 at Olympus were both in excess of the distributable amount, according to Olympus' non-consolidated balance sheet that was amended on December 14, 2011. Under the Companies Act, dividend distributions of surplus money and acquisitions of treasury stock can only be done within the range of the distributable amount, and those executive directors who performed duties related to the dividend distributions of surplus money and the acquisitions of treasury stock in excess of the distributable amount, and those directors etc. who approved the Board of Directors' meeting resolutions related to the same, jointly bear the duty to pay the entire amount that was issued for the dividend distributions of surplus money or the acquisitions of treasury stock, with the exception of cases in which it is proven that they did not fail to exercise due care with respect to the performance of their duties.

2. Violations of the Duty of Due Care of a Prudent Manager and Liability of Directors Who Were Participants and People Who Knew

Those who were involved in or knew about the entirety or a part of the series of actions in this incident were the 6 people, being Yamada, Mori, Nakatsuka, Shimoyama, Kishimoto, and Kikukawa, and their respective violations of the duty of due care of a prudent manager etc., and liability for dividend distributions of surplus money etc. are as follows.

(1) Yamada and Mori

Yamada and Mori were actively involved in all of the actions connected with the Series of Problems in this incident, and it can be acknowledged that prior to being appointed as directors, they violated the duty of good faith as employees, and after being appointed as directors (after June 2003 for Yamada, and after June 2006 for Mori), they violated the duty of due care of a prudent manager as directors.

Also, with respect to the suspicions pointed out by Woodford after September 2011, the 4 people, Yamada, Mori, Kikukawa, and Nakatsuka, did not try to discuss this problem properly in the Board of Directors' meetings, and covered up the fact of the loss deferral from the directors who were not aware of the loss deferral, and continued their false explanations that there were no problems that could be deemed illegal in the FA fee for the Gyrus acquisition or the acquisitions of the Three Domestic Companies, and further, made criticisms of Woodford to those directors whose association with Woodford was limited and were unfamiliar with said person, and guided them in the direction of approving his removal, and lead the directors who were not aware of the loss deferral away from having suspicions, and

tried to avoid the discovery of the illegal actions. Said series of actions violate the duty as directors to resolve illegal actions without covering them up.

Further, with regard to the dividend distributions of surplus money and the acquisitions of treasury stock that was implemented after April 1, 2007 as well, they approved the resolution regarding the same at the Board of Directors' meeting, and bear the payment duty set forth in Article 462, Paragraph 1 of the Companies Act.

(2) Nakatsuka

As an employee, Nakatsuka was involved in the practical work of the Formulation, Maintenance etc. of the Loss Separation Scheme, and as a result, knew or could have found out the purpose of the transaction connected with the loss settlement actions. For that reason, it can be acknowledged that he violated the duty of good faith as an employee before being appointed as a director in June 2011, and after his appointment as a director, as noted in (1) above, he violated the duty of due care of a prudent manager as a director, for his response after the Emergence of Suspicions.

Further, regarding the dividend distributions of surplus money that were implemented in June 2011, he performed the duty of the distribution of money etc. as a director, and bears the payment duty set forth in Article 462, Paragraph 1 of the Companies Act.

(3) Shimoyama

Shimoyama knew or could have found out about the Formulation, Maintenance, etc. of the Loss Separation Scheme, and it can be acknowledged that until he retired as a director in June 2004, he violated the duty of due care of a prudent manager as a director for having approved (having tacitly approved) or having left unattended these actions or states without stopping or correcting them.

(4) Kishimoto

Kishimoto had approved the Formulation, Maintenance, etc. of the Loss Separation Scheme, and until he retired as a director in June 2005, it can be acknowledged that he violated the duty of due care of a prudent manager as a director.

(5) Kikukawa

Kikukawa knew about the actions connected with the Series of Problems by January 2000 at the latest, and had approved them, and it can be acknowledged that he violated the duty of due care of a prudent manager as a director.

Also, as noted in (1) above, the duty of due care of a prudent manager as a director can be acknowledged for his response after the Emergence of Suspicions.

Further, for the dividend distributions of surplus money and the acquisitions of treasury stock that were implemented after April 1, 2007 as well, he approved the resolution of the Board of Directors' meeting regarding the same, and bears the payment duty set forth in Article 462, Paragraph 1 of the Companies Act.

## Section 5 Liability of Directors Other Than Participants and People Who Knew

### 1. Whether or not there were Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding the Formulation and Maintenance of the Loss Separation Scheme

(1) Violations of Duty to Monitor and Supervise

1) From January 1998 to March 2001

During the period from January 1998 to March 2001, the directors other than the Participants and People Who Knew were not essentially in charge of the departments responsible for managing financial assets connected with the Formulation, Maintenance, etc. of the Loss Separation Scheme. For this reason, violations of the duty to monitor and supervise as directors can be acknowledged on the part of the directors other than the Participants and People Who Knew only in such cases where there were special circumstances in which they knew or were able to know about the Formulation, Maintenance, etc. of the Loss Separation Scheme by the Participants and the People Who Knew, but overlooked them.

However, for those directors other than the Participants and People Who Knew, there were no special circumstances in which they knew or were able to know about the Formulation, Maintenance, etc. of the Loss Separation Scheme. For this reason, violations of the duty to monitor and supervise cannot be acknowledged with respect to the Formulation, Maintenance, etc. of the Loss Separation Scheme during said period.

2) After April 2001

A. Okubo

From April 2001 to October 2002, Okubo was in charge of the department that was charged with managing financial assets. For this reason, he had the duty to supervise Yamada, Mori, and Nakatsuka, who were involved in the maintenance of the state of loss separation.

However, no circumstances could be seen to support that Okubo knew about the Formulation, Maintenance, etc. of the Loss Separation Scheme. Also, in addition to facts such as that the Loss Separation Scheme that had been formulated as of April 2001 was conducted under an extremely complex scheme where losses were separated through multiple overseas funds, that cover-up operations were performed with the cooperation of outside third parties, that no disputes had arisen with LGT Bank etc., so that there were no opportunities to discover the state of loss separation, and considering that Okubo's career up to that time as well as the period that Okubo was in charge of the department charged with financial assets had been short, and that the actions during that period to maintain the state of loss separation were no more than amount increases and disbursements in time deposits, it cannot be acknowledged that Okubo could have found out about the state of loss separation at that time. Also, with respect to Okubo at that time, there are no facts in existence that are sufficient in making the assessment that there were clearly problems in his supervision of Yamada, Mori, and Nakatsuka.

For this reason, it cannot be acknowledged that Okubo violated his duty to supervise Yamada, Mori, and Nakatsuka.

B. Other Directors Other Than Participants and People Who Knew

Other than Okubo, the directors other than the Participants and People Who Knew were not in charge of the department that was in charge of managing financial assets.

Also, with respect to those directors other than the Participants and People Who Knew, no special circumstances could be acknowledged in which they knew or could have found out about the maintenance of the state of loss separation during the period from April 2001 up to the time the losses were settled in March 2011.

For this reason, it cannot be acknowledged that the directors other than the Participants and People Who Knew violated their duty to monitor and supervise during that period.

(2) Regarding Violations of the Duty to Formulate Internal Controls

1) From January 1998 to March 2001

The directors other than the Participants and People Who Knew bear the duty to monitor the status of the performance of duties in formulating a risk management system among the representative director and the directors in charge of operations regarding the management of financial assets, but provided that the performance of duties is being monitored through a reasonable risk management system, and unless there are special circumstances that cause suspicion that the directors' performance of duties is illegal, the legitimacy can be acknowledged with respect to trusting that such performance of duties is lawful, and unless there are such special circumstances, it is taken that a violation of the duty of due care of a prudent manager would not be called into question in the context of the duty to monitor.

Also, judging from the circumstances during said period such as that a certain risk management system had been formulated with respect to the management of financial assets based on asset management standards, that reports were being made to the officers in charge regarding the management status, that an Audit Office had been established in the Accounting Department, that audits were being conducted by the auditing firm, and that prioritized audits were conducted each term by the Board of Auditors, it can be judged that there was a reasonable risk management system in existence at the time. Also, no special circumstances could be seen that caused suspicion that the performance of duties by the representative director or the directors in charge of operations was illegal.

For this reason, violations of the duty to formulate internal controls cannot be acknowledged during said period in the directors other than the Participants and People Who Knew.

2) After April 2001

A. Regarding Okubo

Okubo was the director in charge of operations for the department that managed financial assets from April 2001 to the end of October 2002, and had the duty of specifically deciding on the risk management system and formulating it.

And during said period, judging from the circumstances such as that in addition to the management structure that had been formulated by March 2001 as noted above, the standards for presenting matters and reports to the Board of Directors had been set forth in which it was clarified that the provision of collateral exceeding 5 billion Yen per case would be presented to the Board of Directors, that the Board of Auditors had been conducting prioritized audits in each fiscal year for items regarding internal controls, that the Internal Audit Office had been made independent of the Accounting Department from April 2001, and that the management execution plan for financial assets and its management status were now being reported to the Board of Directors, it cannot be acknowledged that Okubo was in violation of the duty of due care of a prudent manager regarding the formulation of a risk management system.

B. Regarding Other Directors Other Than Participants and People Who Knew

In addition to those listed in "A" above, judging from the circumstances such as that a General Affairs Department Compliance Office was established on October 1, 2005, that the basic policy for the internal controls system was established and had been in operation since the Board of Directors' meeting in May 2006, and that internal controls reports were being prepared and submitted as set forth in the Financial Instruments and Exchange Act following the audit

by the auditing firm after the fiscal year ending March 2009, it can be judged that a reasonable risk management system was in existence from April 2001 until March 2011, when the losses were settled. Also, there were no special circumstances that would have caused suspicion that the performance of duties by the representative director or directors in charge of operations was illegal.

For this reason, violations cannot be acknowledged during said period of the duty to formulate internal controls by the directors other than the Participants and People Who Knew.

2. Whether or not there were Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding the Loss Separation Settlement Scheme

(1) Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding the Additional Purchase of Shares in the Three Domestic Companies

Among the directors that approved the Board of Directors' meeting resolution for the additional purchase of shares in the Three Domestic Companies, it cannot be acknowledged that the directors other than the Participants and People Who Knew were aware of the purpose of partial settlement of the loss separation.

However, considering that the price of the additional purchase of shares in the Three Domestic Companies was as large as 61.379 billion Yen (note that Olympus' consolidated current net earnings was 47.799 billion Yen for the latest settlement period), as a discretionary management decision, at the very least, there is the need for a proper review of the necessity or risk with respect to the additional purchase as well as the validity of the price of the additional purchase.

Nevertheless, it is believed that the gathering of information and its analysis and review were not done sufficiently with respect to those items that are considered necessary to review the necessity or risk of the additional purchase as well as the validity of the price of the additional purchase, such as ① the relationship between the businesses of the Three Domestic Companies and Olympus' business (synergy effect), ② the size of the necessity to turn the Three Domestic Companies into subsidiaries premised on their shareholder composition etc., ③ the background and amounts of the acquisitions of shares in the Three Domestic Companies in the past, and the business plans and performance comparisons that were the premise for the same, ④ the attributes of the sellers who were the shareholders of each company and the progress of negotiations with them, and ⑤ the actual state of business of the Three Domestic Companies and the feasibility of their business plans; it is believed that there were careless errors in the process of recognizing the facts (the gathering of information and its analysis and review) that served as the premise for making the management decision. Also, in the decision based on the knowledge of those facts, they had approved the acquisition of shares in the Three Domestic Companies, which were venture corporations with little performance, for a price as high as 61.379 billion Yen at most, without having made accommodations such as undertaking a feasibility assessment (business due diligence) etc. by a third party, or having considered the risk in the case the business plans went awry, and the necessity or the validity of the acquisition in that connection, so it can be acknowledged that the process of inference in the management decision and its content were clearly unreasonable.

Therefore, violations of the duty of due care of a prudent manager can also be acknowledged in the directors other than the Participants and People Who Knew (Takayama, Morishima, Yanagisawa, Tsukaya, Okubo, Terada, Nagasaki, Yusa, Furihata) who approved the Board of Directors' meeting resolution for the additional purchase of shares in the Three Domestic Companies.

(2) Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding Payment of the FA Fee for the Gyrus Acquisition

1) Regarding the Board of Directors' meeting resolution of November 19, 2007 concerning the Execution of the Agreement with the FA

In the Board of Directors' meeting resolution of November 19, 2007 concerning the execution of the agreement with the FA, ① It cannot be judged of the directors other than the Participants and People Who Knew to the extent that there were careless errors in the process of recognizing facts (the gathering of information and its analysis and review) that became the premise for making the management decision of executing the agreement with the FA, or that

unreasonable, and ② it also cannot be said that the process of inference in the decision based on those recognized facts and its content were clearly unreasonable.

Therefore, it cannot be acknowledged that there were violations of the duty of due care of a prudent manager on the part of the directors other than the Participants and People Who Knew.

2) Regarding the Board of Directors' meeting resolution of September 26, 2008 concerning the Purchase of Warrant Purchase Rights and Issuance of Preferred Shares

Among the directors that approved said Board of Directors' meeting resolution, it cannot be acknowledged that the directors other than the Participants and People Who Knew were aware of the purpose of partial settlement of the loss separation.

However, in approving the purchase of warrant purchase rights and the proposal for the issuance of preferred shares instead of stock options in said Board of Directors' meeting resolution, the face value of the preferred shares issued by Gyrus that was to be issued as the fee for the FA was 177 million dollars (about 22.1 billion Yen under the exchange rate at that time), and notwithstanding the fact that the value of the stock options that were issued as the FA fee was supposed to be approximately 8.5 billion Yen, considering that it was just under 3 times that amount, and that the purchase price of the warrant purchase rights that was issued as the FA fee was 50 million dollars (about 5.25 billion Yen under the exchange rate at that time), as a discretionary management decision, at the very least, there is the need to conduct a proper review of the necessity to pay these fees to the FA, and the validity of the fee amount.

Nevertheless, in said Board of Directors' meeting resolution, the gathering of information and its analysis and review were not done sufficiently with respect to items that are considered necessary to review the necessity of the fee payment and the validity of the fee amount, such as ① the content of the agreement with the FA, and ② the appraised value of the stock options and the preferred shares that would be issued in its place and the valuation basis of the warrant purchase rights; approvals had been made on the purchase of the warrant purchase rights for the price of 50 million dollars, and the proposal for preferred shares for an issue price of 177 million dollars, which were significantly higher than the fee scale that had originally been planned (approximately 8.5 billion Yen). Therefore, there were careless errors in the process of recognizing the facts (the gathering of information and its analysis and review) that became the premise for making the management decision, and it can be acknowledged that the process of inference in the management decision and its content were significantly unreasonable.

Therefore, among the directors who approved said Board of Directors' meeting resolution, violations of the duty of due care of a prudent manager can also be acknowledged in the directors other than the Participants and People Who Knew (Takayama, Morishima, Yanagisawa, Tsukaya, Okubo, Terada, Nagasaki, Chiba, Hayashi, Fujita).

3) Regarding the Board of Directors' meeting resolution of March 19, 2010 concerning the Purchase of Preferred Shares

It cannot be acknowledged that the directors other than the Participants and People Who Knew that approved said Board of Directors' meeting resolution were aware of the purpose of partial settlement of the loss separation.

However, in approving the proposal for the purchase of the preferred shares in said Board of Directors' meeting resolution, the purchase price of the preferred shares that were issued as the fee to the FA and had been assigned to a third party was 620 million dollars (about 55.8 billion Yen under the exchange rate at that time), and considering that it was more than 3 times the issue price of the preferred shares of 177 million dollars, as a discretionary management decision, at the very least, there was the need to conduct a proper review of the necessity to purchase said preferred shares, and the validity of the purchase price.

Nevertheless, in said Board of Directors' meeting resolution, the gathering of information and its analysis and review were not done sufficiently with respect to those items that are considered necessary to review the necessity of the

purchase of additional purchase and the validity of the purchase price, such as ① the content of the agreement that granted the veto right, which caused the purchase price of the preferred shares to become massive, and the background that led to the agreement, as well as a legal review by a third party of the effect of said agreement, and ② evaluation documents of the preferred shares; approvals had been made on the proposal to purchase the preferred shares for a price of 620 million dollars, which had a material effect on Olympus's financial state. Therefore, it can be acknowledged that there were careless errors in the process of recognizing the facts (the gathering of information and its analysis and review) that became the premise for making the management decision, and that the process of inference in the management decision and its content were clearly unreasonable. Therefore, violations of the duty of due care of a prudent manager can also be acknowledged in the directors other than the Participants and People Who Knew (Takayama, Morishima, Yanagisawa, Tsukaya, Okubo, Fujita, Chiba, Hayashi, Kawamata) who approved said Board of Directors' meeting resolution.

3. Whether or not there were Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding their Response After the Emergence of Suspicions

(1) The directors other than the Participants and People Who Knew were not found to be aware of the Formulation, Maintenance, etc. of the Loss Separation Scheme or the Loss Separation Settlement Actions, but in the event suspicions of unlawful acts are recognized, there is the duty to investigate it, and in the event the results of the investigation identify them to be true, there is the duty to announce the facts and to take other necessary responses, and in the event these are neglected, it would constitute a violation of the duty of due care of a prudent manager; in contrast to Woodford taking actions such as pointing out the suspicions regarding the acquisition price of the shares in the Three Domestic Companies and the Gyrus acquisition, and independently requesting an investigation from PwC, they approved the agenda item at the Board of Directors' meeting to remove Woodford from his positions as representative director and president and executive officer, CEO, and removed Woodford.

(2) The reason that the directors other than the Participants and People Who Knew approved the removal of Woodford was that, setting aside the validity of their awareness, whether from their own experience or through information they heard, they had doubts about the suitability of Woodford as the president, and it can be acknowledged that they were aware of the necessity with respect to holding discussions in venues such as the Board of Directors' meetings on how to respond to the suspicions that were being pointed out, as a separate issue from the removal of Woodford, and had the intention of doing so.

Therefore, it cannot be judged that they abandoned the duty to investigate the suspicions that were being pointed out, or that they ignored the duty to investigate, due to the removal of Woodford.

With respect to the result that they had underestimated the suspicions pointed out by Woodford, and had trusted the misrepresentations of Kikukawa, Mori, Yamada and others based on their cover-up of facts, the matter calls for sufficient reflection from the view of corporate governance, but it cannot be judged to the extent that the actions taken by each director who was not aware of the facts of the loss deferral after Woodford pointed out the suspicions were violations of the duty of due care of a prudent manager as directors (the duty to investigate in the event suspicions of unlawful acts are pointed out).

(3) To add to that, the conclusion above is not based on an evaluation that Olympus' corporate governance regime was in a satisfactory state of course. When it is considered that the loss deferral of the matter in question in the past, and the Series of Problems related to this was not made clear for as long as 10 years, and that if suspicions had not been

pointed out by Woodford this time, there was the possibility that the truth would have remained buried, we cannot help but be deeply concerned about the closed nature of Olympus' management structure and the weakness of its governance that allowed said situation. It is clear to everyone involved this time that leaving an unlawful situation unattended threatens even the existence of a corporation.

This Committee strongly desires that fundamental improvements be made to the management structure to date, so that these points are swept away, and that Olympus continues as a truly active corporation.

4. Liability of Directors Regarding the Misrepresentations in the Financial Reports, etc. Submitted After the Fiscal Year Ending March 2007

Among the directors other than the Participants and People Who Knew, from June 2009, Kawamata, as the Head of the Business Support Headquarters, had the duty of compliance with laws and regulations for preparing and submitting securities reports, etc. that were true and correct, and the directors other than Kawamata had the duty to monitor and supervise that true and correct securities reports, etc. were being prepared.

(1) Regarding the Securities Reports (Securities Reports for the Fiscal Year Ending March 2007) that were Prepared and Submitted during the Period the State of Loss Separation was being Maintained (However, until the Settlement of the State of Loss Separation was Begun in February 2008)

1) Violation of Duty to Monitor and Supervise by Directors Other than Participants and People Who Knew

Since circumstances cannot sufficiently be found to make the evaluation that the directors other than the Participants and People Who Knew were aware of or could have found out about the Formulation, Maintenance, etc. of the Loss Separation Scheme, it cannot be acknowledged that they violated the duty to monitor and supervise with respect to the misrepresentations in the securities reports, etc. that accompanied the state of loss separation being maintained without being corrected.

2) Regarding the Violation of Duty as Director Regarding the Formulation of Internal Controls

It can be judged that a reasonable risk management system had been formulated, and since there were no special circumstances that would cause suspicion of unlawful performance of duties, a violation of duty cannot be acknowledged.

(2) Regarding the Securities Reports, etc. (Securities Reports, etc. After the Fiscal Year Ending March 2008) that were Prepared and Submitted After the Loss Separation Settlement Actions were Started (After February 2008)

1) Violation of Duty to Monitor and Supervise on the part of Directors Other than Participants and People Who Knew

Since circumstances cannot be found to make the evaluation that the directors other than Kawamata knew or could have found out that the loss separation was being maintained, it cannot be acknowledged that they violated the duty to monitor and supervise with respect to the misrepresentations in the securities reports, etc. that accompanied the state of loss separation being maintained without being corrected.

However, with respect to those directors who were found to have violated the duty of due care of a prudent manager concerning the additional purchase of shares in the Three Domestic Companies and the purchase of the warrant purchase rights and preferred shares that were granted as the FA fee for the Gyrus acquisition, since it can be taken that they could have found out that the acquisition price for the shares in the Three Domestic Companies and the FA fee for the Gyrus acquisition were excessive, the problem becomes whether it could be said that they could also have found out

about the misrepresentations in the securities reports, etc. as a result of that knowledge.

However, for directors who had no professional knowledge of accounting, considering that the accounting firm had issued an unqualified clean opinion with respect to the price of the additional purchase of shares in the Three Domestic Companies and the financial statements in which accounting treatment was done for the Gyrus acquisition, it can be understood that it was unavoidable for them to trust that the accounting treatment was done properly, so an assessment cannot be made to the extent that they could have found out that the content of the securities reports, etc. were false, and it cannot be acknowledged that there were violations of the duty to monitor and supervise.

2) Regarding Kawamata

With regard to Kawamata, in addition to the facts in "A" above, as the Head of the Accounting Department from the end of 2008 to the spring of 2009, he actually received notification that the FA fee connected with the Gyrus acquisition was excessive, and because he knew that Olympus received notification from the auditing firm in the fiscal year ending March 2009 and had recognized as an impairment loss the portion exceeding 5% of the acquisition amount out of the FA fee connected with the Gyrus acquisition that had been paid by the end of that fiscal year based on the judgment that said portion was essentially not an FA fee, the problem becomes whether he could have found out that the content of the securities reports, etc. was false.

However, Ernst & Young ShinNihon LLC, who was appointed Olympus' accounting firm in June 2010, understood the position and concerns that KPMG AZSA LCC had regarding the FA fee for Gyrus, and after understanding the recognition of the impairment loss noted above, they acknowledged the posting as "goodwill," so it is believed that the acknowledgement cannot be made to the extent that he was in violation of the duty of due care of a prudent manager, in making the judgment that said accounting treatment would be acknowledged.

Therefore, it cannot be acknowledged that there was a violation of the duty of due care of a prudent manager regarding the misrepresentations in the securities reports, etc.

5. Whether or not there were Violations of the Duty of Due Care of a Prudent Manager on the part of Directors Regarding the Dividend Distributions of Surplus Money etc. that were Implemented After April 1, 2007

(1) Regarding the Liability Under Article 462, Paragraph 1 of the Companies Act

The Companies Act stipulates that in the event dividend distributions of surplus money etc. are made in excess of the distributable amount, even directors who approved that resolution in the Board of Directors' meeting do not bear the obligation of monetary payment "if it is proven that they did not fail to exercise due care with respect to the performance of their duties" (Article 462, Paragraph 2 of the Companies Act).

As a sidenote, when we take into consideration the highly specialized corporate accounting of today, it is considered to be permissible for directors to fundamentally trust the decisions and reports of directors etc. who are in charge of accounting and finance, and especially in companies like Olympus where accounting auditors have been established, to trust the unqualified clean opinion of the accounting auditors in the event one has been issued concerning the financial statements prepared by the company; provided that circumstances cannot be acknowledged in which they knew or could have found out facts such as that the balance sheet that was the basis for calculating the distributable amount was in error, or that there were doubts with respect to its appropriateness, if the circumstances were that they trusted such decisions and reports of the people in charge of accounting and finance or such clean opinion of the auditing firm, it is generally understood that it can be considered that "they did not fail to exercise due care."

And with respect to the directors other than the Participants and People Who Knew, they did not know about the Loss Separation Scheme, and among those, with respect to the directors as well in which violations of the duty of due care of a prudent manager had been acknowledged for their approvals of the resolutions concerning the acquisition of shares in the Three Domestic Companies or the purchase of the warrant purchase rights and preferred shares that were paid as the FA fee for the Gyrus acquisition, as noted above, it cannot be said to the extent that they could have found out that the statements in the balance sheet in the securities reports, etc. were improper, so it is believed that an acknowledgement cannot be made to the extent that "they failed to exercise due care with respect to the performance of their duties."

(2) Regarding the Liability Under Article 423, Paragraph 1 (Violations of the Duty of Due Care of a Prudent Manager) of the Companies Act

Even if a director does not fall under Executing Persons as set forth in Article 462 of the Companies Act in (1) above, or directors etc. who approved the Board of Directors' meeting resolution concerning dividend distributions of surplus money or the acquisitions of treasury shares in excess of the distributable amount, if they are found to be in violation of the duty of due care of a prudent manager, they bear the obligation to compensate for the damages incurred.

However, even in the case of such directors, considering that none were involved in or aware of the Loss Separation Settlement Scheme, and moreover, since an unqualified clean opinion had been issued by the accounting auditors regarding the financial statements that were prepared by the company, it is believed that an acknowledgement cannot be made to the extent that there were violations of the duty of due care of a prudent manager.

Section 6 Damages etc. that were Incurred by Olympus

1. Damages that were Incurred due to the Maintenance of the State of Loss Separation

The damages that were incurred due to the maintenance of the state of loss separation are as follows.

(1) Interest due Banks

In order to formulate and maintain the Loss Separation Scheme, the receiver funds etc. (after having been provided collateral from third parties concerning deposits and government bonds, etc. from Olympus) borrowed funds from such financial institutions as LGT Bank and Commerzbank, and in accordance with the same, interest was paid. The total of interest payments to each financial institution after April 2001 that have presently been identified is 2,632,195,377 Yen.

(2) Fund Management Fees etc. due Fund Managers

In order to formulate and maintain the Loss Separation Scheme, fund management handling charges are being paid to the fund managers etc. from each of the funds of LGT-GIM, SG Bond, Neo, etc. The total of the fund management handling charges after April 2001 that have presently been identified is 5,720,086,070 Yen.

Note that management fees etc. are also being paid from GCNVV, which was established for the formulation and maintenance of the Loss Separation Scheme, but it can be acknowledged that the establishment of said fund also had the collateral purpose of creating new businesses etc. On this point, considering the amount of capital injected from GCNVV to the receiver funds, a ratio corresponding to 240/350 of the management fee etc. can be considered as damages based on the loss separation and maintenance of the state of loss separation. Out of the management fees etc. after April 2001, the total of the amount that is recognized as damages based on the loss separation and maintenance of

the state of loss separation is 2,398,399,953 Yen.

(3) Management Loss

Out of the capital that was injected into the receiver funds and pass-through funds in the process of formulating and maintaining the Loss Separation Scheme, as a result of newly managing the surplus funds that were not used by the receiver funds to acquire by transfer the financial assets held by Olympus at an amount equivalent to book value, further losses were incurred. The main item of the new management of funds was the investment that ITV, a pass-through fund, made in ITX shares. ITV made an investment of 10 billion yen to acquire 9,323 shares of ITX (subsequently, it assigned them to Olympus, either directly or through OFH, a wholly-owned subsidiary of Olympus), but with the decline in price of ITX shares, a valuation loss of approximately 9,160,930,000 Yen was incurred by Olympus.

2. Damages that were Caused by Execution of the Loss Separation Settlement Scheme

In order to settle the condition in which the state of loss separation was maintained, Olympus, through the pass-through funds, injected the acquisition price for the additional purchase of shares in the Three Domestic Companies and the purchase of the warrant purchase rights and preferred shares out of the FA fee related to the Gyrus acquisition, and using said injected capital, it repaid the loans of the receiver funds from the financial institutions and settled the provision of collateral from third parties with respect to assets such as Olympus' deposits and government bonds, while at the same time, they were made to make repayments etc. of investment capital to the exposed funds etc. in which Olympus invested, and in such way, the money was made to flow back to Olympus.

In the course of said settlements etc., the following fees were paid to the collaborators concerning the loss separation and its settlement (persons in charge at banks and managers of pass-through funds), and through the execution of the Loss Separation Settlement Scheme, amounts equivalent to at least these fees were incurred as damages.

(1) Payment to AXES

Based on the Board of Directors' meeting resolution of November 19, 2007, Olympus granted to AXES, which was the FA connected with the Gyrus acquisition, warrant purchase rights and stock options under the pretext of being part of the FA fee, and AXES assigned to AXAM said warrant purchase rights and stock options, and AXAM paid to AXES 2,544,000,000 Yen, after receiving a wire transfer from a pass-through fund.

(2) Amount Corresponding to Price of Additional Purchase of Shares in the Three Domestic Companies

Olympus paid the total cost of 60,795,000,000 Yen for the additional purchase of shares in the Three Domestic Companies. Much of this was circulated back to the exposed funds through pass-through funds, and while they were returned in the form of returns on investments to Olympus, at the very least, ①1,259,250,000 Yen that was paid from Neo to Gurdon Overseas S.A in September 2008, and ② 950,000,000 Yen that was paid from Teao to Nayland Overseas S.A in December 2008, for a total amount equivalent to 2,209,250,000 Yen, were paid as fees to the collaborators (persons in charge at banks and managers of pass-through funds) in accordance with the termination of the funds, and as a result, were not returned to Olympus, and amounts equivalent to at least said amounts were incurred as damages.

(3) Amount Corresponding to the Purchase Price of Preferred Shares

It was decided that Olympus would pay 620 million dollars to AXAM as the purchase price of the preferred shares. In accordance with this payment, at the very least, ① 1,080,066,963 Yen that was paid by GPAI to Nakagawa in April 2010, and ② 1,367,442,825 Yen that was paid by Easterside to Chan in June 2010, for a total amount equivalent to 2,447,509,788 Yen, were paid as fees to the collaborators (persons in charge at banks and managers of pass-through funds) in accordance with the termination of the funds. Subsequently, said amounts have not been returned to Olympus, so damages in at least said amounts were incurred.

3. Damages Due to Inadequate Response After the Emergence of Suspicions

The 3 directors and 1 auditor (Yamada) who were Participants and People Who Knew were aware of the loss deferral, and yet in response to Woodford pointing out the suspicions after September 2011, did not try to discuss this problem properly in the Board of Directors' meeting, and guided the directors who were not aware of the loss deferral so they would not have doubts, and tried to avoid the discovery of illegal acts.

And on October 14 of the same year, they removed Woodford from his position as president, who had pointed out the suspicions, and accordingly, the critical view of society became more severe, and the stock price dropped precipitously.

As a result, on November 8, which was approximately a week after the investigation by the Third Party Committee began, they decided to announce the loss deferral, but the inadequate response after Woodford pointed out the suspicions etc. gave the world the impression that perhaps Woodford had been removed for pointing out suspicions in order to cover up the unlawful acts, which lead to a loss of confidence in Olympus' governance, and the credibility of Olympus was significantly damaged.

This damage to credit is no less than 10 million Yen in damages at the very least.

4. Damages Based on Misrepresentations in the Securities Reports, etc. After the Fiscal Year Ending March 2007

It has not been identified at the current time that an economic loss was incurred by Olympus due to the misrepresentations in the securities reports, etc. after the fiscal year ending March 2007, but going forward, in the case that Olympus were to pay penalties or surcharges, or in the case that Olympus were to pay compensation for damages that were incurred on the part of its shareholders, then the entirety or a part of each amount that Olympus were to pay would be incurred as new damages.

5. Amount of Obligation to Return Money on the part of Directors for Dividend Distributions of Surplus Money and Acquisitions of Treasury Stock that were implemented after April 1, 2007

Regarding the dividend distributions of surplus money that were implemented after April 1, 2007, the amount owed in payment by the directors who bear the obligation of monetary payment, based on Article 462, Paragraph 1 of the Companies Act, totals 38,795,141,452 Yen.

Similarly, regarding the acquisitions of treasury stock that was implemented after April 1, 2007, the amount owed in payment by the directors who bear the obligation of monetary payment, based on Article 462, Paragraph 1 of the Companies Act, totals 19,992,957,400 Yen.

Section 7 Individual Liability of Current and Former Directors and the Possibility of Pursuing Their Liability

1. Regarding Participants and People Who Knew

With respect to the Participants and People Who Knew, the liability of compensation for damages based on the violation of the duty of due care of a prudent manager and the obligation of monetary payment regarding the illegal dividend distributions of surplus money and acquisitions of treasury stock are as listed in Exhibit ① No. 1 to No. 6, and they bear the obligation of compensation for damages or the obligation of monetary payment with respect to the amounts listed in each.

Note that with respect to these liabilities, it is believed that there are no circumstances that exist to purport that such pursuit should be withheld.[1]

2. Regarding Directors Other than Participants and People Who Knew

With respect to the directors other than the Participants and People Who Knew, the liability of compensation for damages based on the violation of the duty of due care of a prudent manager are as listed in Exhibit ① No. 7 to No. 19, and they bear the obligation of compensation for damages with respect to the amounts listed in each.

Note that with respect to these liabilities as well, it is believed that there are no circumstances that exist to purport that such pursuit should be withheld.[2]

3. Regarding the Directors and Former Directors Listed in Exhibit ②

With respect to these directors and former directors, violations of the duty of due care of a prudent manager could not be acknowledged in the performance of their duties as directors concerning items that were the subject of this investigation, and it also could not be acknowledged that they were liable concerning the dividend distributions of surplus money and the acquisitions of treasury stock that exceeded the distributable amount.

End

[1] In consideration of the payment capability etc. of each person, this does not deny that a portion of these amounts may become the amounts to be claimed in litigation.

[2] With respect to outside directors who have signed limited liability agreements, there is the possibility that their liability will be limited to the extent of the amount set forth in said agreements.

TRANSLATION FOR REFERENCE PURPOSSE ONLY

Unit (Yen)

| No. | Name | Period of Directorship | Amount of Damages | Maintenance of State of Loss Separation | | | | Execution of Loss Separation Settlement Scheme | | | | Response After the Emergence of Suspicions | Dividend Distributions of Surplus Money (Fiscal Year End Dividends and Half-Year Dividends) | Acquisitions of Treasury Stock |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Interest / Fund Management Fee, etc. | | | Management Loss (ITX Shares) | Acquisition Price of shares in the Three Domestic Companies | Gyrus FA Fee | | | | | |
| | | | | 01.4~ | 03.7~ | 06.7~11.3 | 00.3 | 08.2 | 07.11 Granting of Warrant Purchase Rights and Stock Options | 08.9 Granting of Preferred Shares | 10.3 Purchase of Preferred Shares | (After 11.7) | Fiscal Year Ending 07.3 ~ Fiscal Year Ending 11.3 | 08.5 and 10.11 |
| 1 | Hideo Yamada | 03.06~11.06 | 73,893,857,414 | – | 7,894,998,774 | | – | 2,209,250,000 | 2,544,000,000 | 2,447,509,788 | | 10,000,000 | 38,795,141,452 | 19,992,957,400 |
| 2 | Hisashi Mori | 06.06~11.11 | 70,035,294,426 | – | – | 4,036,435,786 | – | 2,209,250,000 | 2,544,000,000 | 2,447,509,788 | | 10,000,000 | 38,795,141,452 | 19,992,957,400 |
| 3 | Makoto Nakatsuka | 11.06~11.12 | 4,014,019,900 | – | – | – | – | – | – | – | – | 10,000,000 | 4,004,019,900 | – |
| 4 | Toshiro Shimoyama | 76.01~04.06 | 19,911,611,400 | 10,750,681,400 | | | 9,160,930,000 | – | – | – | – | – | – | – |
| 5 | Masatoshi Kishimoto | 85.01~05.06 | 19,911,611,400 | 10,750,681,400 | | | 9,160,930,000 | – | – | – | – | – | – | – |
| 6 | Tsuyoshi Kikukawa | 93.06~11.11 | 85,910,470,040 | 10,750,681,400 | | | 9,160,930,000 | 2,209,250,000 | 2,544,000,000 | 2,447,509,788 | | 10,000,000 | 38,795,141,452 | 19,992,957,400 |
| 7 | Hironobu Kawamata | 09.06~ | 2,447,509,788 | – | – | – | – | – | – | – | 2,447,509,788 | – | – | – |
| 8 | Atsushi Yusa | 92.06~08.06 | 2,209,250,000 | – | – | – | – | 2,209,250,000 | – | – | – | – | – | – |
| 9 | Hiroyuki Furihata | 97.06~01.06<br>04.06~08.06 | 2,209,250,000 | – | – | – | – | 2,209,250,000 | – | – | – | – | – | – |
| 10 | Masaaki Terada | 95.06~09.06 | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | – | – | – | – |
| 11 | Tatsuo Nagasaki | 98.06~01.06<br>05.06~09.06 | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | – | – | – | – |
| 12 | Masaharu Okubo | 98.06~11.06 | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | | – | – | – |
| 13 | Rikiya Fujita | 07.06~11.06 | 2,447,509,788 | – | – | – | – | – | – | 2,447,509,788 | | – | – | – |
| 14 | Masanobu Chiba | 08.06~11.06 | 2,447,509,788 | – | – | – | – | – | – | 2,447,509,788 | | – | – | – |
| 15 | Kazuhisa Yanagisawa | 99.06~01.06<br>05.06~ | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | | – | – | – |
| 16 | Haruhito Morishima | 05.06~ | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | | – | – | – |
| 17 | Shuichi Takayama | 06.06~ | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | | – | – | – |
| 18 | Takashi Tsukaya | 06.06~ | 4,656,759,788 | – | – | – | – | 2,209,250,000 | – | 2,447,509,788 | | – | – | – |
| 19 | Junichi Hayashi | 08.06~ | 2,447,509,788 | – | – | – | – | – | – | 2,447,509,788 | | – | – | – |

※1 Yamada's liability for the response after the Emergence of Suspicion is due to a violation of the duty of due care of a prudent manager on the part of an auditor.

※2 Nakatsuka's unlawful dividend distribution is for the fiscal year ending March 2011 only.

※3 With respect to outside directors who have signed limited liability agreements, there is the possibility that their liability will be limited to the extent of the amount set forth in said agreements.

TRANSLATION FOR REFERENCE PURPOSSE ONLY

**Exhibit ②**

**Listing of Directors For Whom Liability Cannot Be Acknowledged**

| Number | Name |
|---|---|
| 1 | Hidehiro Takemura |
| 2 | Yuzuru Yoden |
| 3 | Morito Imai |
| 4 | Kenji Fujii |
| 5 | Masaaki Ohkado |
| 6 | Ichiro Sawamura (Deceased) |
| 7 | Masao Kobayashi |
| 8 | Shohei Nagai |
| 9 | Yoshihide Yamaoka |
| 10 | Takeyuki Mori (Deceased) |
| 11 | Mikio Takagi |
| 12 | Kenichi Sekimoto |
| 13 | Ken Yonekubo |
| 14 | Shinya Kosaka |
| 15 | Hiroshi Komiya |
| 16 | Koji Miyata |
| 17 | Isao Takahashi |
| 18 | Toru Toyoshima (Deceased) |
| 19 | Robert A. Mandell |
| 20 | Masataka Suzuki |
| 21 | Kazuhiro Watanabe |
| 22 | Shinichi Nishigaki |
| 23 | Yasuo Hayashida |
| 24 | Hiroshi Kuruma |
| 25 | Michael Woodford |