

February 27, 2012

News Release

Company: Olympus Corporation  
Representative Director, President and CEO: Shuichi Takayama  
(Code: 7733, First Section, Tokyo Stock Exchange)  
Contact: Akihiro Nambu, Manager, Public Relations and IR Office

**Notice Concerning Decision on Candidates for New Directors and Corporate Auditors**

As announced in the press release “Notice Concerning Establishment of Nominating Committee” published on January 17, 2012, Olympus Corporation (the “Company”) established a Nominating Committee, having as its members two outside directors of the Company, Yasuo Hayashida and Hiroshi Kuruma, in order to decide on the candidates for directors and corporate auditors to be elected at the extraordinary general shareholders meeting. The Nominating Committee considered a large number of potential candidates, and carried out careful deliberations through interviews and other methods. The candidate proposal based on the deliberations of the Nominating Committee was referred to the Management Reform Committee, which deliberated over the proposal and gave its guidance, referring to the opinions offered by many Company stakeholders, and in the end gave its consent to the candidate proposal drafted by the Nominating Committee.

Today, the Board of Directors of the Company, respecting the judgment of the Nominating Committee and the Management Reform Committee, has passed a resolution selecting the candidates selected by the two committees as persons whose nominations will be presented to the extraordinary general shareholders meeting scheduled for April 20, 2012.

The Company also announces that all the current directors and corporate auditors express their intentions to resign at the end of the extraordinary general shareholders meeting and have submitted letters of resignation to the Company today.

**1. Candidate for New Representative Director (to be appointed at the Board of Directors meeting following the extraordinary general shareholders meeting)**

Representative Director and President:

Hiroyuki Sasa (currently Executive Officer of the Company)

**2. Candidates for New Directors**

Chairman and Director (Chairman at the Board of Directors):

Yasuyuki Kimoto (former Senior Managing Director and Executive Officer of Sumitomo Mitsui Banking Corporation; currently President and CEO of The Japan Research Institute, Limited)

Director:

Hideaki Fujizuka (former Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.; currently President and Director of Chitose Kosan Co., Ltd.)

Director:

Yasuo Takeuchi (currently Executive Officer of the Company)

Director:

Shigeo Hayashi (currently Executive Officer of the Company)

Outside Director:

Takuya Goto (former Chairman of the Board of Kao Corporation)

Outside Director:

Shiro Hiruta (currently Senior Advisor of Asahi Kasei Corporation)

Outside Director:

Sumitaka Fujita (former Vice-Chairman and Representative Director of ITOCHU Corporation)

Outside Director:

Motoyoshi Nishikawa (Attorney-at-law; former Managing Director of Nippon Steel Corporation)

TRANSLATION FOR REFERENCE PURPOSE ONLY

Outside Director: Hikari Imai (former President and Representative Director of RECOF Corporation)  
Outside Director: Kiyotaka Fujii (currently President and Representative Director of Better Place Japan Co., Ltd.)

3. Candidates for New Corporate Auditors

Full-time Corporate Auditor: Takashi Saito (currently Executive Managing Officer of the Company)  
Full-time Corporate Auditor: Masashi Shimizu (currently General Manager of Credit Department of Nippon Life Insurance Company)  
Part-time Corporate Auditor: Nobuo Nagoya (Certified Public Accountant; former Managing Partner of MISUZU Audit Corporation)  
Part-time Corporate Auditor: Katsuya Natori (Attorney-at-law; former Director and Executive Officer of IBM Japan, Ltd.)

4. Resigning Directors

Representative Director: Shuichi Takayama  
Director: Haruhito Morishima  
Director: Masataka Suzuki  
Director: Kazuhisa Yanagisawa  
Director: Takashi Tsukaya  
Director: Kazuhiro Watanabe  
Director: Shinichi Nishigaki  
Director: Hironobu Kawamata  
Outside Director: Yasuo Hayashida  
Outside Director: Hiroshi Kuruma  
Outside Director: Junichi Hayashi

5. Resigning Corporate Auditors

Full-time Corporate Auditor: Tadao Imai  
Part-time Corporate Auditor: Makoto Shimada  
Part-time Corporate Auditor: Yasuo Nakamura

6. CVs of New Directors and Corporate Auditors

Please see Attachment 1.

7. Announcement of Statement Regarding Decision of New Director and Corporate Auditor Candidates

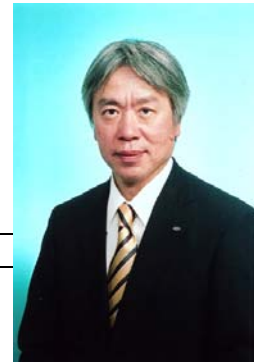
Today, Shuichi Takayama, Representative Director, President and CEO, Hiroyuki Sasa, a candidate for a new director of the Company, and members of the Nominating Committee have announced their statements regarding selection of the new director and corporate auditor candidates.

END

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CVS OF CANDIDATES FOR NEW DIRECTORS AND CORPORATE AUDITORS**DIRECTOR AND CHAIRMAN:****NAME:** Yasuyuki Kimoto

<b>DATE OF BIRTH:</b>	February 26, 1949	
<b>EDUCATION</b>	Faculty of Economics, Kyoto University (March 1971)	
<b>HOMETOWN:</b>	Osaka	
<b>BIO:</b>	April 1971	Joined The Sumitomo Bank, Limited
	June 1998	Director of The Sumitomo Bank, Limited
	June 1999	Executive Officer of The Sumitomo Bank, Limited
	April 2001	Executive Officer of Sumitomo Mitsui Banking Corporation
	June 2002	Managing Executive Officer of Sumitomo Mitsui Banking Corporation
	April 2004	Managing Director and Executive Officer of Sumitomo Mitsui Banking Corporation
	June 2005	Senior Managing Director and Executive Officer of Sumitomo Mitsui Banking Corporation
	May 2006	President and CEO of The Japan Research Institute, Limited (incumbent)

**REPRESENTATIVE DIRECTOR AND PRESIDENT:****NAME:** Hiroyuki Sasa

<b>DATE OF BIRTH:</b>	September 14, 1955	
<b>EDUCATION</b>	Graduate School of Science and Engineering, Waseda University (Master of Mechanical Engineering, March 1982)	
<b>HOMETOWN:</b>	Tokyo	
<b>BIO:</b>	April 1982	Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)
	March 1987	Posted to New York
	April 2001	General Manager, Endoscope Business Planning Department
	April 2005	Division Manager, the First Development Division of Olympus Medical Systems Corp.
	April 2007	Division Manager, Marketing Division of Olympus Medical Systems Corp. (incumbent)
	June 2007	Executive Officer of Olympus Corporation (incumbent)
		Director of Olympus Medical Systems Corp. (incumbent)
<b>SHAREHOLDING:</b>	5,573 shares	

TRANSLATION FOR REFERENCE PURPOSES ONLY

DIRECTORS:

NAME:	Hideaki Fujizuka	
DATE OF BIRTH:	September 1, 1955	
BIO:	1980	Joined The Mitsubishi Bank, Ltd.
	2007	Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
	2010	President and Director of Chitose Kosan Co., Ltd.

NAME:	Yasuo Takeuchi	
DATE OF BIRTH:	February 25, 1957	
BIO:	1980	Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)
	2005	General Division Manager of Olympus Medical Systems Corp.
	2009	Director of Olympus Europa Holding GmbH
		Executive Officer of Olympus Corporation (incumbent)
	2011	Chairman and Director of Olympus Europa Holding GmbH (incumbent)
	2012	Affiliated with Head of Corporate Center (incumbent)

NAME:	Shigeo Hayashi	
DATE OF BIRTH:	August 21, 1957	
BIO:	1981	Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)
	2008	Head of Ina Plant
	2009	Executive Officer (incumbent)
	2010	Head of Ina Plant and Division Manager of Manufacturing Technology of Manufacturing Innovation Center (incumbent)
	2011	President and Representative Director of Nagano Olympus Co., Ltd. (incumbent)

OUTSIDE DIRECTORS:

NAME:	Takuya Goto	
DATE OF BIRTH:	August 19, 1940	
BIO:	1964	Joined Kao Soap Co., Ltd. (currently Kao Corporation)
	1990	Director
	1991	Director and Executive Vice President
	1996	Director and Senior Executive Vice President
	1997	Representative Director, President and Chief Executive Officer
	2004	Chairman of the Board

NAME:	Shiro Hiruta	
DATE OF BIRTH:	December 20, 1941	
BIO:	1964	Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corporation)
	1997	Director
	1999	Senior Executive Director
	2001	Primary Executive Director

TRANSLATION FOR REFERENCE PURPOSES ONLY

	2002	Vice-President and Representative Director
	2003	President and Representative Director
	2010	Senior Advisor (incumbent)

NAME:	Sumitaka Fujita	
DATE OF BIRTH:	December 24, 1942	
BIO:	1965	Joined ITOCHU Corporation
	1995	Director
	1997	Managing Executive Director
	1998	Representative Director and Managing Executive Director
	1999	Representative Director and Senior Managing Executive Director
	2001	Vice-President and Representative Director
	2006	Vice-Chairman and Representative Director
	2008	Advisor
		Outside Director of Furukawa Electric Co., Ltd, (incumbent)
	2009	Outside Director of Nippon Sheet Glass Co., Ltd. (incumbent)
	2010	Outside Director of NKSJ Holdings, Inc. (incumbent)
	2011	Advisory Member of ITOCHU Corporation

NAME:	Motoyoshi Nishikawa	
DATE OF BIRTH:	January 1, 1946	
BIO:	1968	Joined Yawata Iron & Steel Co., Ltd. (currently Nippon Steel Corporation)
	1997	Director
	2001	Managing Director
	2003	Senior Advisor (Chief Legal Counsel)
	2007	Advisor
	2011	Registered as attorney-at-law
		Joined Nomura Sogo Law Office (incumbent)

NAME:	Hikari Imai	
DATE OF BIRTH:	July 23, 1949	
BIO:	1974	Joined Yamaichi Securities Co., Ltd.
	1986	Joined Morgan Stanley International Ltd., Tokyo Branch
	1993	Joined Merrill Lynch Japan Incorporated
	1999	Vice-Chairman of Merrill Lynch Japan Securities Co., Ltd.
	2007	Vice-President and Director of RECOF Corporation
	2008	President and Representative Director

NAME:	Kiyotaka Fujii	
DATE OF BIRTH:	February 10, 1957	
BIO:	1981	Joined McKinsey & Company
	1986	Joined CS First Boston (New York)
	1993	Vice-President and Director of Booze Allen Hamilton Japan Inc.
	1997	President and Representative Director of Cadence Design Systems, Japan
	2000	President and Representative Director of SAP Japan Co., Ltd.
	2006	President and Representative Director of Louis Vuitton Japan

TRANSLATION FOR REFERENCE PURPOSES ONLY

		Company, LVJ Group K.K.
	2008	President and Representative Director of Better Place Japan Co., Ltd. (incumbent)

CORPORATE AUDITORS:

NAME:	Takashi Saito	
DATE OF BIRTH:	February 11, 1952	
BIO:	1976	Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)
	2005	Executive Officer
	2006	Division Manager, Business Support Division
	2007	President and Representative Director of Aizu Olympus Corporation
	2010	President and Representative Director of Olympus Medical Science Sales Co., Ltd. (incumbent)
		Executive Managing Officer of Olympus Corporation (incumbent)

NAME:	Masashi Shimizu	
DATE OF BIRTH:	December 19, 1957	
BIO:	1982	Joined Nippon Life Insurance Company
	2007	General Manager of Credit Department (incumbent)

NAME:	Nobuo Nagoya	
DATE OF BIRTH:	January 30, 1945	
BIO:	1968	Joined Iwao Goto CPA Office (later MISUZU Audit Corporation)
	1970	Registered as certified public accountant
	1971	Registered as certified public tax accountant
	1978	Partner of Shinko Audit Corporation (later MISUZU Audit Corporation)
	1989	Managing Partner of Chuo Shinko Audit Corporation (later MISUZU Audit Corporation)
	2006	Chief of Nagoya CPA Office (incumbent)
	2009	Corporate auditor of Core Corporation (incumbent)

NAME:	Katsuya Natori	
DATE OF BIRTH:	May 15, 1959	
BIO:	1986	Joined Masuda & Ejiri (currently Nishimura & Asahi)
	1990	Joined Davis Wright Tremaine
	1992	Joined Wilmer, Culter & Picketing
	1993	Joined Esso Petroleum Corporation
	1995	Joined Apple Japan, Inc.
	1997	Director of Sun Microsystems, Inc.
	2002	Executive Officer of Fast Retailing Co., Ltd.
	2004	Director and Executive Officer of IBM Japan, Ltd.
	2010	Executive Officer of IBM Japan, Ltd.

END

February 27, 2012

To Whom It May Concern:

**Regarding the Decisions on Director and Corporate Auditor Candidates  
to Be Presented at the Extraordinary General Shareholders Meeting**

Olympus Corporation  
Shuichi Takayama, Representative Director, President and CEO  
Yasuo Hayashida, Director (Member of Nominating Committee)  
Hiroshi Kuruma, Director (Member of Nominating Committee)  
Hiroyuki Sasa, Executive Officer

**1. Decision on Director and Corporate Auditor Candidates and President-Designee**

At the Board of Directors meeting held today, Olympus Corporation (the “Company”) has decided on the candidates for directors and corporate auditors, whose nominations will be presented at the extraordinary general shareholders meeting scheduled for April 20, 2012. Please see the Attachment 1 for the names of the candidates, as well as CVs. Director Kuruma, who served as a member of the Nominating Committee, will provide more details later.

While the new President who will succeed me will be officially decided at the Board of Directors meeting to be held immediately after the extraordinary general shareholders meeting, the Company anticipates that, after consulting with the candidates decided upon today, Hiroyuki Sasa, currently the Executive Officer of the Company, will take the post as the new President. Sasa is attending this press conference, and will say a few words later.

**2. Method of Choosing Director and Corporate Auditor Candidates**

The Director and Corporate Auditor Candidates announced today were all decided in accordance with the mechanisms and processes that the Company has publicly announced heretofore. More specifically, the Board of Directors, on January 16 of this year, established the Nominating Committee, which is comprised of two outside directors independent of us on the management team, who have no interests in the Company. The Nominating Committee diligently carried out its deliberations, considering a large number of potential candidates through interviews and other

methods. The results of the Nominating Committee's deliberations were then proposed to the Management Reform Committee, whose members are knowledgeable persons from outside of the Company. The Management Reform Committee does not limit its deliberations to the nomination of officer candidates, but considers important matters concerning the Company's management overall. As part of these deliberations, the Management Reform Committee deliberated and gave guidance regarding the Nominating Committee's proposals, referring to the opinions offered by a large number of stakeholders. After going through this process, the proposal finally presented by the Nominating Committee to the Management Reform Committee was approved by the Management Reform Committee. Today, the proposal was put before the Board of Directors, which passed the resolution officially deciding on the candidates.

The reason for this two-stage process is to ensure that the selection of potential candidates, the selection of candidates from among the potential candidates, and the final decision are highly transparent procedures without any of the arbitrariness of the current managerial structure, in which the opinions of stakeholders can be easily reflected, without bias. By means of these procedures, the Company was able to select fresh faces, who had no involvement whatsoever with the current managerial structure, and we believe we have chosen a team that shareholders and other stakeholders can trust.

### **3. Introduction of Director and Corporate Auditor Candidates and the Reasons for Their Selection**

First, I would like to briefly introduce the five internal director candidates.

To begin, I would like to introduce Mr. Hiroyuki Sasa as a candidate for a new Representative Director. Mr. Sasa is 56 years old. To date, he has been involved with the endoscope development divisions at the Company for many years. Most recently, as the Executive Officer and the Division Manager of Medical Marketing Division, he has been involved in the medical business field, which is the core business, in everything from development to manufacturing and sales. In addition, Mr. Sasa has over several years' experience being stationed overseas, and he has had experience negotiating with overseas authorities and so on. He has been seen as a next-generation leader who brings a global vision to his leadership of the Company's medical business. It has been suggested that, compared to the eminent director candidates who came from outside of the Company, Mr. Sasa has limited management experience. However, he is calm and collected and not timid; based on the several interviews that we have had with him, we feel that he has a very distinguished quality since he executes work reliably while listening to the opinions of others. Moving forward, we would like him to grasp the essence of management as much as possible while engaging in frank discussions with the outside directors who came from outside of the Company, as he assumes the burden of being the manager of the Company, which, including group companies, employs nearly forty thousand employees.



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Mr. Sasa will speak to us later.

A candidate for a Director and Chairman will be Mr. Yasuyuki Kimoto, who is 63 years old. Mr. Kimoto has served as the Senior Managing Director of Sumitomo Mitsui Banking Corporation, a main bank of the Company, and is currently the Representative Director and President of The Japan Research Institute, Limited. The reason that Mr. Kimoto was nominated for a candidate for a Director and Chairman is that he is a first-class banker who has served as the Senior Managing Director of Sumitomo Mitsui Banking Corporation and the President of Sumitomo Mitsui Banking Corporation Europe Limited. In addition, in the sense that he has been performing economic analyses and analyses of the issues of individual firms at The Japan Research Institute, Limited, he has a broad field of vision, including a global perspective, from which he can view the Company in its times of trouble, and for that reason we would like him to serve as the chairman of the Board of Directors which is the highest decision-making body as well as supervisory body.

Mr. Kimoto and Mr. Hideaki Fujizuka, whom I will introduce later, are both from the main financing banks of the Company. We would like them to monitor and supervise management internally at the Company as the full-time internal directors.

We have nominated as a candidate for a director Mr. Hideaki Fujizuka, who is 56 years old. Mr. Fujizuka has served as the Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd., the second-main bank of the Company, and currently serves as the President and Director of Chitose Kosan Co., Ltd., a real estate management company affiliated to the same bank. At The Bank of Tokyo-Mitsubishi UFJ, Ltd., he is responsible for the regular head-office and branch operations, as well as general affairs and public relations. Since he has considerable knowledge of the management functions, as the Company employs its robust corporate governance under the new management system, we would like him to lead the organizational and personnel management, public relations, investor relations and compliance divisions of the Company, including our group companies, and build an efficient and appropriate organizational system and management system. We would like to add that finance and accounting department will not be under his responsibility.

Also as a candidate for a director, we have nominated Mr. Yasuo Takeuchi, who is 55 years old. Mr. Takeuchi is the Executive Officer of the Company, but he has worked primarily in the fields of accounting and planning to date. In addition, he has a long history of being stationed overseas, and he has been a director of European and British subsidiaries. We hope that Mr. Takeuchi uses his global perspective cultivated during his long-term overseas experience and his knowledge of the financial and accounting management field cultivated in the fields of accounting and planning, and, as the supervisor of the finance and accounting department of the Company, he engages in business operations so that this sort of problem never occurs again.

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Also as a candidate for a director, we have nominated Mr. Shigeo Hayashi, who is 54 years old. To date, Mr. Hayashi has mainly been responsible for the production technology and production control fields. In addition to being the Executive Officer of the Company, he has been involved with the integration of the Nagano region as the Head of Ina Plant and the President of Nagano Olympus Co., Ltd. Since Mr. Hayashi has served for a long time at a location very close to sites of production, we would like him to use his perspective on production and production sites in the management of the Company going forward.

Next, I would like to introduce the six outside director candidates nominated by the Nominating Committee.

First, I would like to introduce Mr. Takuya Goto, who is 71 years old, as a candidate for an outside director. After holding a position as the Representative Director, President and Chief Executive Officer as well as the Chairman of the Board of Kao Corporation, Mr. Goto currently serves as the Chairman of Japan Marketing Association. Regarding Mr. Goto's career, needless to say, when he was in a position of management of Kao Corporation, he was a well-known manager who continuously achieved increases in income and profits. He had retired from the forefront of management, but we pleaded with him to join the Company's management team as an outside director. We look forward to utilizing Mr. Goto's abundant knowledge and experience, and receiving his valuable advice for the overall management of the Company and, in particular, in sales and marketing.

Next, we have nominated Mr. Shiro Hiruta, who is 70 years old, as a candidate for an outside director. After serving as the President and Representative Director of Asahi Kasei Corporation, Mr. Hiruta is currently the Senior Advisor of the same company. Last December, he assumed the post of a member of the Management Reform Committee of the Company, and he has provided us with valuable advice for management across-the-board since that time. He utilized his superior management ability and leadership at the Management Reform Committee, and now we would like him to utilize them for the Company's management moving forward. The Nominating Committee asked him to join, and he has agreed to participate in the new management system.

Next, we have nominated Mr. Sumitaka Fujita, who is 69 years old, as a candidate for an outside director. After serving as the Vice-President and Representative Director as well as the Vice-Chairman and Representative Director of ITOCHU Corporation, he currently serves as an outside director at several companies, as well as the Chairman of Japan Association for CFOs. We would like Mr. Fujita to be generously shares the knowledge and experience he has obtained in financial fields as a CFO over the course of many years. We would like his suggestions for thorough management in the finance divisions of the Company and strengthening the financial structure, as well as his valuable advice based on the international sensitivity he refined at general trading companies.

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Next, we have nominated Mr. Motoyoshi Nishikawa, who is 66 years old, as a candidate for an outside director. After serving as the Managing Director of Nippon Steel Corporation, he has been active as an attorney-at-law mainly in the field of corporate law. We have received valuable advice from him since last December in his capacity as a member of the Management Reform Committee of the Company. Now, as with the outside director candidate Mr. Hiruta, we would like to continue to receive his valuable advice as a member of the Company's new managerial structure system from the perspective of law and compliance. Therefore, we requested that he assume office, and he has accepted.

Next, I would like to introduce Mr. Hikari Imai, who is 62 years old, as a candidate for a director. After serving as the Vice-Chairman of Merrill Lynch Japan Securities Co., Ltd., he has been involved in M&A intermediary services as the former President and Representative Director of RECOF Corporation. We would like to receive from Mr. Imai valuable advice on the formulation of the Company's business strategy going forward, as well as advice for management from a global perspective.

Finally, we have nominated Mr. Kiyotaka Fujii, who is 55 years old, as a candidate for a director. After serving at investment banks and consulting firms, he has demonstrated his executive skills at the forefront of management as the representative of the Japanese branches of foreign-affiliated companies and venture companies. We would like his advice for management from his perspective as an expert in international business and M&A.

Finally, I would like to introduce the new corporate auditor candidates.

We have nominated Mr. Takashi Saito, who is 60 years old, as a candidate for a full-time corporate auditor. Mr. Saito is currently the Executive Managing Officer of the Company, but he has lengthy experience in the personnel and labor management field, and he has held the position of director of Aizu Olympus Corporation and other subsidiaries. We would like him to utilize his management monitoring skills that he has cultivated during his work in personnel and labor field and as a director of subsidiaries. We would like to nominate him as a candidate for an internal corporate auditor, and have obtained his acceptance.

I would like to introduce Mr. Masashi Shimizu as a candidate for an outside corporate auditor. He is 54 years old and has been working as the General Manager of Credit Department of Nippon Life Insurance Company. He has a long history of being stationed overseas, and I believe he is the ideal person to serve as a corporate auditor of the Company which has many overseas subsidiaries. We look forward to Mr. Shimizu playing a central role in the construction of an appropriate management audit system as a full-time corporate auditor.

I would like to introduce Mr. Nobuo Nagoya as a candidate for a part-time outside corporate auditor. As a certified public accountant, he has worked as the managing partner at MISUZU Audit Corporation, and he has abundant knowledge and experience in accounting and auditing. He has been nominated as the perfect candidate for the Company, as it seeks to strengthen its audit system.

I would like to introduce Mr. Katsuya Natori as a candidate for a part-time outside corporate auditor. As an attorney-at-law, he has played an active role at IBM Japan, Ltd., Apple Japan, Inc. and Sun Microsystems, Inc. as in-house counsel, and he has considerable expertise in the intellectual property field. We would like him to strictly monitor the Company's risks from the perspective of an attorney-at-law with management expertise, and to give us advice so that this sort of scandal never occurs again.

This concludes the introduction of the new director and corporate auditor candidates, which ran a bit long.

#### **4. Make-Up of the Director and Corporate Auditor Candidates**

As you may have already noticed, most of the director and corporate auditor candidates are from outside of the Company. What is most striking about this group is that a majority of these persons, after they assume their posts, will remain outside of the Company -- that is, they will serve as outside directors or corporate auditors. Needless to say, this reflects our awareness that inadequacies in the Company's governance system, including the Board of Directors, led to such problems as the deferred posting of losses and related series of issues, and our aim is to prevent recurrence through transparent management under watchful outside eyes. We also wanted to bring together persons with wisdom gained from a diverse range of experience, to help rebuild the Company.

In conclusion, I would like to say a few words about my impression I have received while serving as a member of the Nominating Committee of the Company aiming the rehabilitation from the turmoil.

We, the members of the Nominating Committee, believe that the cause of the recent series of scandal was that certain executives of the Company, although its main business had been in a bad situation, had deviated from manufacturing, which is the Company's core business, had committed speculative investments, and had made financial window-dressing and misused M&A transactions in order to cover up failures from that. Our starting point was to select candidates for the new management system who would bring the Company back to origins as a manufacturing company and have a strong leadership with high ethical characters.

Within a limited amount of time, we have interviewed many potential candidates and received various

comments from stakeholders. I strongly felt that, through such deliberation, many people truly hold the business and technologies of Olympus in the highest regard and want the Company to make a true turnaround.

Under the new management system, the Company will build a strong governance framework where outside directors who have no interest in the Company, otherwise known as “independent directors”, hold a majority of the seats on the Board of Directors. All of the six outside director candidates have diversified and abundant experiences in various fields. The new executives will be required to manage the Company so as to be able to withstand their harsh scrutiny. Under the new managerial structure, I would strongly like the Company to maintain tension between directors and executives as all work together towards the turnaround of the Company and restoration of trust.

## **5. Greeting from the President-Designee**

### **(1) Self-Introduction**

In April 1982, I joined Olympus Optical Co., Ltd., currently Olympus Corporation. I was first assigned to the endoscope development division. Since then, including my years in the U.S., I have spent almost straight 30 years in medical divisions, and that was mainly in endoscopes. I was assigned as the Division Manager of the endoscope development division in 2005, and have served as the Division Manager of medical marketing division since 2007 to present and have promoted our global marketing strategies. I have enjoyed opportunities to always challenge new things at the development division.

In the U.S. in the 1990s, in order to address infectious diseases, regulations were strengthened regarding the washing and sterilizing of medical equipment. As this was a first for the industry, too, it was necessary to think the entire process through from the start, from testing methods to evaluation standards. We built a laboratory wing for testing, and as the result of a variety of experiments, we were quickly able to develop evaluation methods and judgment standards in response to the regulations. This has become the basic technology in flexible endoscopes for washing and sterilization tests. Further, in the planning and development of gastroenterological endoscope systems, our core product, I twice served as leader and oversaw the deployment of advanced technology that has garnered high praise from doctors.

One of these technologies is an endoscope system with a narrow band imaging function. This technology received the Prime Minister Prize at the Japanese Institute of Invention and Innovation’s 2011 National Commendation for Invention of Japan. Narrow band imaging highlights, using differences in color, the fine capillaries in the mucosal surface which supply cancer cells with nutrients

and minute mucosal texture. The use of this technology can help in early detection of cancer and diagnoses of the malignancy and extent of lesions. The expansion of minimally invasive treatment using endoscopes continues to accelerate.

Another technology is high-definition endoscope systems. Much like what you have experienced with your home television, once you see high-resolution TV, you don't want to go back to the old televisions. In endoscopes as well, we have improved the viewing properties of high-definition high-resolution images, which in turn leads to more accurate diagnoses and safer surgeries. Consequently, as with televisions, high-definition endoscope systems have received extremely high evaluations, and the upgrading of systems has greatly accelerated. Olympus was the first in the world to deploy both of these technologies.

Later, as the division manager of the marketing division, I was in charge of marketing these products that we had developed. So that more and more doctors could understand our products well, we set up a training facility for equipment, and received a lot of support.

In this way, I was put in charge of the most challenging areas in our medical businesses. I also have a wide range of experience, from development to marketing and sales.

I was quite surprised at my nomination by the Nominating Committee. However, I was much honored that my experience was recognized. It is a strong desire of mine to turn around the Company, and so I accepted the nomination.

For Olympus to turn itself around, I believe that in the long-term "profitable growth" centering on medical businesses is essential.

Going forward, with all of your guidance, I hope to move unflinchingly forward with the turnaround of Olympus. I would like to ask for your support.

**(2) Restoration of Trust**

I would like to discuss a few things that I have been thinking about regarding the issues that the Company needs to tackle now.

The uncovered deferred posting of losses and related series of problems has brought great trouble to a great many people, and has caused great damage to our corporate value. To all our stakeholders and to all who have been affected, as a member of the Company I would like to offer my deepest apologies.

The mission that has been entrusted to me is to restore without delay trust in our injured brand and

regain everyone's trust. To that end, it will be necessary to thoroughly reform our managerial mechanisms so that this kind of problem never occurs again. Once those mechanisms are reformed, we will review existing businesses, and make our businesses and finances even stronger.

**(3) Governance Systems, etc.**

First, I believe what is necessary for the improvement of our governance systems is to clearly separate execution from monitoring. A majority of the candidates for the board members are, as Member Kuruma discussed earlier, comprised of highly independent outside directors. I believe that we will be able to strengthen our management monitoring function by clearly separating the Board of Directors from executives.

In addition, I believe the chairman of the Board of Directors should be someone other than the President, who is responsible for execution. More specifically, my thinking is that the Chairman should serve as chairman of the Board of Directors, and should act as a robust check against the President and other executives. Next, for effective management monitoring, the authority and functions of the monitoring bodies over executive bodies must be strengthened. For example, it would be effective to delegate the nomination of director and corporate auditor candidates and decisions on director compensation to an independent committee, a majority member of which is made up of outside directors. I also think we should ensure that the selection of the outside directors and corporate auditors is carried out in a fair manner, and that the directors and corporate auditors so selected are given broader roles and functions. The timely and proactive disclosure of information is also important in order to ensure effective governance. The need to strengthen internal controls was something that the Tokyo Stock Exchange noted when it designated shares of the Company as "securities on alert". We intend to move forward forcefully on this front, receiving guidance from all quarters.

**(4) Strengthening Businesses and Finances**

The next topic is how to enhance the Company's businesses and finances. I believe that those who are responsible for management of the Company and execution of its business have the critical mission to return the value to the Company's stakeholders.

I believe that I can summarize the Company's managerial goals in the following three points. First is a re-evaluation of the business portfolio that has expanded over the years as the Company pursued scale. This would include an evaluation of company acquisitions and other past investments, as well as a review of the mechanisms for investment decisions going forward. Second, I believe a review of the business structure and revenue structure is also essential. And third is a quick recovery of a firm financial footing.

With regards to these managerial issues, I would like to strive to unite with the new management team to resolve these issues. This would be an extremely important and difficult undertaking, and therefore it will be necessary to have deep and wide-ranging discussions and evaluations.

If I am fortunate enough to be elected at the extraordinary general shareholders meeting, in cooperation with other directors and corporate auditors, I would like to move unflinchingly forward toward resolving these issues and devote myself to rebuilding the Company. I would like to ask for the understanding and trust of all our stakeholders.

## **6. Resignation of Current Directors and Corporate Auditors**

Finally, Takayama will give an explanation regarding current directors and corporate auditors.

The members of Nominating Committee and Management Reform Committee have worked intensively over a very compressed time period, and I would like to take this opportunity to offer our appreciation. Thanks to the efforts of the members of these committees, we were able to choose director and corporate auditor candidates and announce them today. I believe that all of them are the right people for entrusting the future of the Company. I also believe that, if these persons are elected at the extraordinary general shareholders meeting, they will surely succeed in the rebuilding of the Company.

I and the other current directors and corporate auditors have always said that after we have addressed the current crisis, and the prospects for rebuilding were established, we would resign “at the appropriate timing”. With the election of the new directors and corporate auditors at the extraordinary general shareholders meeting, the conditions for our replacement will be more than fulfilled. Therefore, I would like to announce that all the current directors and corporate auditors will resign at the end of the extraordinary general shareholders meeting and all of them have submitted letters of resignation today.

This ends my remarks. Thank you for your time, and I ask for your continued support and guidance for the Company.

END