

News Release

Company: Olympus Corporation
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Notice Concerning Stock Option (Warrant) Remuneration Grant
(Notice concerning Decisions on Subscription Requirements)

Olympus Corporation (the “Company”) hereby announces that the Board of Directors has passed a resolution at its meeting which convened today as set out below following decisions on the subscription requirements for stock options to be allotted as a stock option remuneration grant (hereafter referred to as the “Warrants”) to the directors of the Company (excluding outside directors) and executive corporate officers not concurrently serving as directors of the Company as well as the solicitation for subscriptions for the stock option in accordance with the provisions of Article 236(1), Article 238(1) and (2), and Article 240(1) of the Company Act, and pursuant to the decisions of the Remuneration Committee, for the purpose of increasing the morale and preparedness of the directors and officers to contribute to the enhancing of the business results and the corporate value of the Company over the medium and long term.

The specific purchase price of the Warrants and other pending matters are expected to be decided on July 13, 2015 which is the warrant allotment date.

Details

1. Name of the Warrant

The 3rd stock acquisition rights of Olympus Corporation

2. Eligible grantees and the total number of the Warrants

Directors (excluding outside directors)	5 persons	119 warrants
<u>Executive officers</u>	<u>19persons</u>	<u>268 warrants</u>
Total		387 warrants

The above total number is the expected number to be allotted. Should there be no subscribers, or the total number of the Warrants is less than initially projected, the total number of the Warrants for Subscription to be allotted shall be the total number of the Warrants to be issued.

3. Class and number of the underlying shares

The underlying shares for the Warrants for Subscription shall be the common stock of the Company granted in units of 100 shares per warrant (hereafter referred to as the “Number of Granted Shares”).

In the event the Company carries out a stock split, bonus share allotment, or reverse stock split in respect of the common stock of the Company after the allotment date (as set out in Paragraph 13 below), the Number of Granted Shares shall be adjusted accordingly by the following formula with the resulting fractions of shares omitted.

Number of the Granted Shares after adjustment = Number of Granted Shares before adjustment × Ratio of stock split, bonus share allotment or reverse stock split

The Number of Granted Shares after adjustment shall be applied after the date following the record date for the stock split or bonus share allotment in the case of the stock split or bonus share allotment, and in the case of the reverse stock split the date following its effective date. In the event, however, that the stock split or bonus share allotment is carried out on the condition that the motion to increase capital or a reserve by decreasing the amount of surplus is approved by the general meeting of shareholders of the Company, and a date before the conclusion of the said general meeting is set as the record date for the stock split or bonus share allotment, the Number of Granted Shares after the adjustment shall be applied after the date following the date of the conclusion of the said general meeting of shareholders.

In the event the warrant survives the Company after a corporate merger of either the absorption or consolidation type, or an exchange or transfer of shares which renders the Company a wholly-owned subsidiary, the Number of Granted Shares may be adjusted as deemed necessary according to the ratio of the merger, exchange or transfer. Should the Number of Granted Shares be adjusted, the Company will provide the details by a notice or public announcement to the persons holding the Warrants on record in the stock option registry (hereafter referred to as the “Warrant Holders”) on or before the day before the effective date of the adjustment of the Number of Granted Shares. Should the Company be unable to issue the notice or public announcement on or before the day before the said effective date, the Company will make the notice or public announcement without further delay.

4. Value of the properties contributed in the exercise of the Warrant

The value of the properties contributed in the exercise of each Warrant shall be the amount calculated by multiplying 1 yen per share to be delivered in the exercise of the Warrant for Subscription by the Number of Granted Shares.

5. Exercise period

From July 14, 2015 to July 13, 2045

6. Matters with respect to the capital and capital reserve increased by the issuance of shares for the Warrant

- (1) The value of the capital to be increased as a result of the issuance of shares for exercised Warrants shall be the amount calculated by multiplying the limit of capital increase calculated in accordance with the provisions of Article 17(1) of the Ordinance on Company Accounting by 0.5. Any fraction less than 1 yen resulting from the calculation shall be rounded up.
- (2) The amount of the capital reserve increased by the issuance of the shares as the result of the exercise of the Warrants shall be the amount calculated by subtracting the amount of capital increased as set out in Paragraph (1) above from the limit of capital increase described in the same paragraph.

7. Restriction on transfer of the Warrants

The acquisition of the Warrants by assignment shall require the approval of the Board of Directors of the Company.

8. Requirements for the acquisition of the Warrants

In the event in which the Board of Directors of the Company approves (or passes the resolution if a resolution of the general meeting of shareholders is not required) one of the resolutions set out in Paragraphs (1), (2), (3), (4) or (5) below, the Company may acquire the Warrants without compensation on the date separately determined by the Board of Directors.

- (1) Resolution to approve a merger agreement under which the Company is absorbed;
- (2) Resolution to approve an agreement for a company split or a plan for an incorporation-type company split by which the Company is split;
- (3) Resolution to approve a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary;
- (4) Resolution to approve an amendment to the Articles of Incorporation to provide for the requirement of the approval of the Company in respect of all classes of the shares issued by the Company in the event of the acquisition of such shares by assignment; or
- (5) Resolution to approve an amendment to the Articles of Incorporation with respect to the underlying shares or classes of shares for the Warrant of which the acquisition by assignment requires the approval of the Company to provide for the requirement for the Company to acquire all shares by a resolution of the General Meeting of Shareholders.

9. Matters regarding the treatment of the Warrants in an event of merger, absorption-type split, incorporation-type split, share exchange and share transfer

In the event the Company carries out a merger (limited to a merger in which the Company becomes extinct), absorption-type or incorporation-type company split (limited to a split which results in the Company being split), or a share exchange or transfer (limited to an exchange or transfer which renders the Company a wholly-owned subsidiary)(hereafter collectively referred to as the “Corporation Reorganization”), the new warrants for a new joint-stock corporation set out in Sub-items (a) to (e) of Article 236(8) of the Company Act (hereafter referred to as the “Reorganized Company”) shall be delivered to the holders of the Warrants remaining immediately prior to the effective date in each case of the Corporate Reorganization (i.e. the effective date of the merger in the an absorption-type merger, the date of the incorporation of the new company in a consolidation-type merger, the effective date of the company split in the absorption-type company split, the date of incorporation of the new company in the incorporation-type company split, the effective date of the exchange in a share exchange, or the establishment of the total ownership of the parent company in a share transfer), provided that the provisions stating the delivery of the warrants of the Reorganized Company on following conditions are included in an agreement for an absorption-type or consolidation-type merger, agreement for absorption-type company split, an incorporation-type company split plan, a share exchange agreement or share transfer plan:

- (1) Number of the warrants of the Reorganized Company to be delivered:
The same number as the remaining Warrants held by the Warrant Holders.
- (2) Underlying share class of the Reorganized Company:
Common stock of the Reorganized Company
- (3) Number of the underlying shares of the Reorganized Company:
To be determined according to the provisions of Paragraph 3 above by taking into consideration the conditions of the Corporate Reorganization
- (4) Value of properties to be contributed in exercise of the new warrants to be delivered:
 - (a) An amount calculated by multiplying the amount to be paid in after the reorganization set out in (b) below by the number of the underlying shares for each of the new warrants of the Reorganized Company set out in Item (3) above
 - (b) The amount to be paid in after the reorganization shall be 1 yen per share of the Reorganized Company which is to be delivered in the exercise of the new warrants.
- (5) Exercise period of the new warrants:
From whichever is the later of the date of commencement of the exercise period for the Warrants set out in Paragraph 5 above or the effective date of the Corporate Reorganization to the expiration of the exercise period for the Warrants set out in Paragraph 5.
- (6) Matters with respect to the capital and capital reserve increased by the issuance of shares for the new warrant:

To be determined according to the provisions of Paragraph 6.

(7) Restriction on acquisition of new warrants by assignment:

The acquisition of new warrants by assignment shall require the approval of the Board of Directors of the Reorganized Company.

(8) Requirements for the acquisition of the new warrants:

To be determined according to the provisions of Paragraph 8

(9) Other conditions for the exercise of the new warrants:

To be determined according to Paragraph 11 below

10. Treatment of fractional share resulting from the exercise of the Warrants

A fractional share of less than one contained in the number of shares to be delivered to a Warrant Holder who exercises his Warrant shall be discarded.

11. Other conditions for the exercise of the Warrants

- (1) The exercise of the Warrant by a Warrant Holder who is no longer in the position of either director or executive officer of the Company is limited to the period of 10 years from one year after the day following the date on which he loses the status.
- (2) Should a Warrant Holder is appointed as an auditor after his resignation from the position of director or executive officer, the exercise of his Warrant shall be limited to a period of 10 years from one year after the date on which he loses the position of the auditor.
- (3) In the event of the death of a warrant holder, the Warrant may be exercised by his heir.
- (4) The Warrant Holder may exercise all or part of his Warrants.

12. Method of calculation of the paid-in amount for the Warrant

The amount to be paid in for each Warrant shall be the amount calculated by multiplying a value of the option price (with a fraction less than 1 yen rounded up) per share calculated using the Black-Scholes Model based on the basic figures provided in (2) to (7) below by the Number of the Granted Shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma\sqrt{T})$$

where

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (1) Option price per share (C)
- (2) Share price (S): Closing price for the regular trading of the common shares of the Company at the Tokyo Stock Exchange on July 13, 2015 (if no closing price is available, the base price for the next trading day);
- (3) Exercise price (X): 1 yen
- (4) Estimated residual period (T): 15 years
- (5) Volatility (δ): Price volatility calculated from the closing prices for the regular trading of the common shares of the Company on the last trading day of each week during the 15-year period (from July 14, 2000 to July 13, 2015);
- (6) Risk-free interest rate (γ): Interest rate of the government bonds the years remaining to maturity of which correspond the estimated residual period;
- (7) Dividend yield (q): Dividend per share (a simple average of the actual dividends paid in the most recent two fiscal periods) \div share price determined in Item (2) above
- (8) Cumulative distribution function ($N(\cdot)$)

* Assumes a setting off of the right to demand remuneration of the allottees against the obligation for payment for the Warrant

13. Allotment date for the Warrant

July 13, 2015

14. Due date for the payment in exchange for the Warrants

July 13, 2015

END