Financial Section

Financial Highlights

(For the fiscal years as of/ended March 31)

(Millions of yen)

Financial Summary (Consolidated)	2008	2009	2010	2011	2012	2013
Net sales						
Domestic	420,227	347,261	373,163	386,502	398,237	287,025
Overseas	708,648	633,542	509,923	460,603	450,311	456,826
Total	1,128,875	980,803	883,086	847,105	848,548	743,851
Percentage change compared with previous year (%)	6.3%	(13.1%)	(10.0%)	(4.1%)	0.2%	(12.3%)
Selling, general and administrative expenses	396,678	418,558	347,125	349,306	348,287	343,121
Percentage of net sales (%)	35.1%	42.7%	39.3%	41.2%	41.0%	46.1%
Percentage of net sales excluding R&D expenditures (%)	29.3%	35.5%	32.3%	33.3%	33.8%	37.6%
Operating income	112,826	42,722	61,160	38,379	35,518	35,077
Percentage of net sales (%)	10.0%	4.4%	6.9%	4.5%	4.2%	4.7%
Net income (loss)	54,625	(50,561)	52,527	3,866	(48,985)	8,020
Percentage of net sales (%)	4.8%	—	5.9%	0.5%	—	1.1%
EBITDA margin*1 (%)	14.0%	10.7%	13.1%	9.9%	9.5%	10.6%
EBITDA margin (Medical Business)*2 (%)	31.1%	27.0%	29.2%	26.9%	26.6%	29.0%
R&D expenditures	65,928	70,010	61,850	67,286	61,356	63,379
Percentage of net sales (%)	5.8%	7.1%	7.0%	7.9%	7.2%	8.5%
Capital expenditures	50,070	55,632	34,323	32,699	37,961	28,109
Depreciation and amortization	37,497	44,594	43,099	34,188	33,787	33,899
Amortization of goodwill	7,899	17,363	11,854	11,619	11,103	9,683
Sales by region						
Japan	420,227	347,261	373,163	386,502	398,237	287,025
North America	240,254	237,656	196,076	182,009	165,263	177,233
Europe	303,110	257,894	188,527	154,363	156,149	157,179
Asia and Oceania	138,873	114,152	100,045	97,293	107,304	102,395
Others	26,411	23,840	25,275	26,938	21,595	20,019
Average exchange rates						
Yen/U.S. dollar	114.28	100.54	92.85	85.72	79.08	83.10
Yen/Euro	161.53	143.48	131.15	113.12	108.98	107.14
Balance sheet, cash flows, and financial indicators						
Total assets	1,217,172	1,038,253	1,104,528	1,019,160	966,526	960,082
Total net assets	244,281	110,907	163,131	115,579	48,028	152,407
Equity ratio (%)	19.1%	10.0%	14.1%	11.0%	4.6%	15.5%
Interest-bearing debt	656,756	642,839	661,481	648,787	642,426	560,390
Net debt	533,475	505,763	454,698	435,226	442,338	330,780
Inventories	110,379	95,540	89,959	92,929	102,493	99,307
Inventory turnover period (months)	1.2	1.2	1.3	1.3	1.4	1.6
Cash and cash equivalents at end of year	119,842	132,720	203,013	210,385	198,661	225,782
Cash flow from operating activities	88,204	36,864	76,245	30,469	30,889	25,233
Cash flow from investing activities	(274,104)	(15,964)	(20,967)	19,003	(35,735)	33,455
Cash flow from financing activities	134,401	(3,751)	17,355	(37,359)	(5,761)	(42,436)
Return on equity (ROE) (%)	24.4%	(30.2%)	40.6%	2.9%	(62.3%)	8.3%
Return on assets (ROA) (%)	9.3%	4.1%	4.9%	0.4%	(4.9%)	0.8%
Net income (loss) per share (yen)	202.11	(188.85)	194.90	14.39	(183.54)	28.96
Total equity per share (yen)	861.58	387.31	576.63	421.37	167.76	494.96
Price earnings ratio (PER)*3 (times)	14.9	—	15.4	160.8	—	76.4
Price book-value ratio (PBR) (times)	3.5	4.1	5.2	5.5	8.1	4.5
Outstanding market value (billions of yen)	819.3	428.6	813.9	627.7	367.3	675.8
Cash dividends per share (yen)	40	20	30	30	—	—
Number of employees*4	35,722	36,503	35,376	34,391	34,112	30,697
Average number of temporary employees	(—)	(—)	(—)	(5,336)	(5,009)	(2,240)

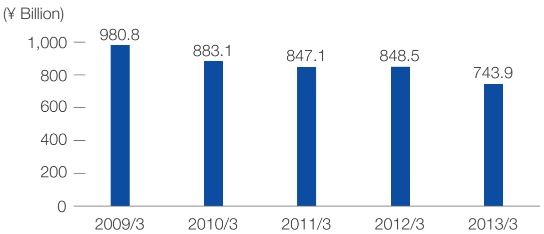
*1 At the Company, EBITDA is calculated using the following assumptions: EBITDA = Operating income + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses. EBITDA margin = EBITDA / Net sales

*2 At the Company, EBITDA (Medical Business) is calculated using the following assumptions: EBITDA = Segment profit in the Medical Business + Depreciation and amortization that is included in cost of sales or SG&A expenses + Amortization of goodwill that is included in SG&A expenses. EBITDA margin (Medical Business) = EBITDA / Net sales

*3 Price earnings ratio (PER) for the fiscal years ended March 31, 2009 and 2012 are omitted as Olympus recorded net loss for these fiscal years.

*4 The average number of temporary employees is stated in parentheses from the fiscal year ended March 31, 2011, as the number of temporary employees is over 10% of the total number of employees.

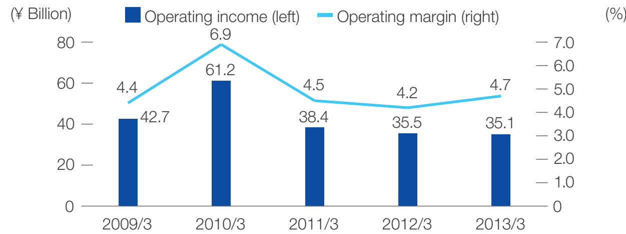
Net Sales — 12.3% DOWN (YoY)



Net sales were down due to the transference of the Information & Communication Business and lower sales in the Imaging Business.

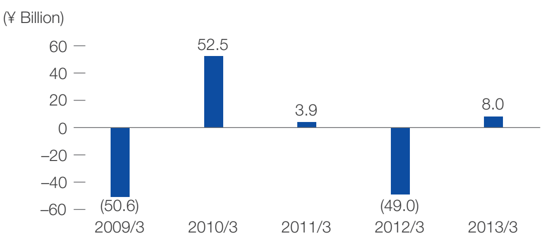
Operating Income — Unchanged

Operating Margin — 0.5 points UP (YoY)



Regardless of the widening of the operating loss in the Imaging Business, operating income was relatively unchanged year on year due to substantially higher operating income in the Medical Business.

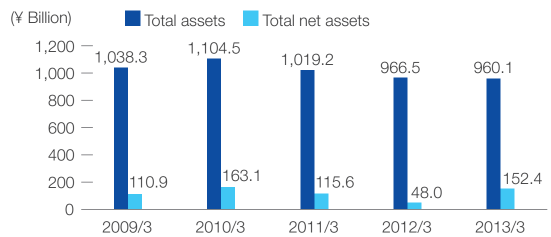
Net Income (Loss) — Return to Profit (+¥57.0 billion)



Net income improved significantly as extraordinary income from the transference of the businesses outweighed the impacts of impairment loss and such extraordinary losses as loss on restructuring of business. *Reversal of deferred tax assets conducted in fiscal 2012.

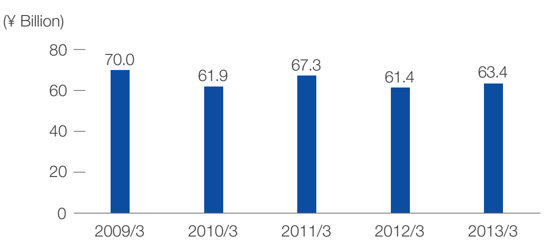
Total Assets — 0.7% DOWN (YoY)

Total Net Assets — 217.3% UP (YoY)



Equity increased to three times the level at the end of fiscal 2012 due to the benefits of foreign currency translation adjustments stemming from yen depreciation and payments from Sony Corporation.

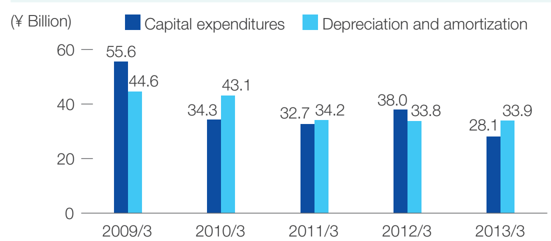
R&D Expenditures — Unchanged



The percentage of R&D expenditures accounted for by the Medical Business is rising. The ratio of R&D expenditures to net sales was up following lower net sales; however, if net sales from the Information & Communication Business are excluded, the ratio decreased.

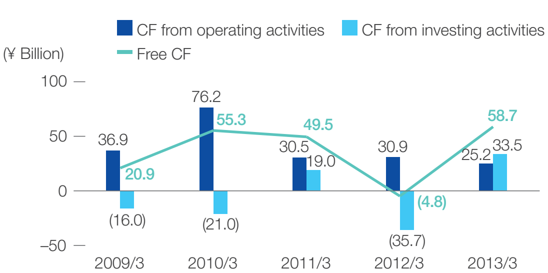
Capital Expenditures — 26.0% DOWN (YoY)

Depreciation and Amortization — Unchanged



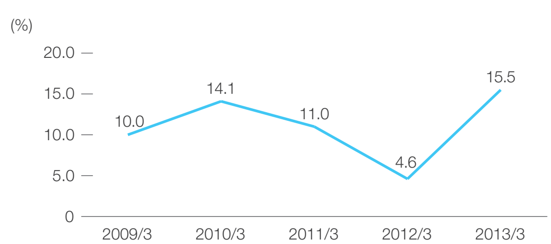
Despite higher expenditures in the Medical Business, overall capital expenditures decreased significantly as a result of lower expenditures in other businesses. Depreciation and amortization was relatively unchanged year on year.

Cash Flow (CF) — Improved



Net cash provided by operating activities was ¥25.2 billion and net cash provided by investing activities was ¥33.5 billion, resulting in positive free cash flow of ¥58.7 billion.

Equity Ratio — 10.9 points UP (YoY)



The equity ratio improved by approximately 11 percentage points year on year due to the benefits of foreign currency translation adjustments stemming from yen depreciation and payments from Sony Corporation.

Analysis of Business Results, Financial Position, and Cash Flows

Analysis of Business Results

Company Overview

In the global economy during fiscal 2013, the situation remained uncertain, mainly as a result of financial instability in Europe and the deceleration of growth rates in China and other emerging countries. In the Japanese economy, conditions continued to be difficult owing to the constant threat of economic downturns overseas, despite signs of a moderate domestic rebound mainly driven by demand related to recovery from the Great East Japan Earthquake and economic measures taken following a change in administration at the end of 2012.

Amid these difficult conditions, the Olympus Group formulated the corporate strategic plan known as the medium-term vision. This plan was commenced in fiscal 2013 under the guidance of the new management team that assumed office on April 20, 2012. Under this new management structure, the Group positioned “rebuilding of business portfolio and optimaizing allocation of management resources,” “review and reduction of costs,” “restoration of financial health,” and “restructuring of corporate governance” as its basic strategies. It also steadily implemented various initiatives, including transferring the Information & Communication Business, entering into a business and capital alliance with Sony Corporation, and submitting a written affirmation on the internal control system with the aim of facilitating the removal of the Security on Alert designation placed on the Company’s stock by the Tokyo Stock Exchange. This designation was lifted on June 11, 2013.

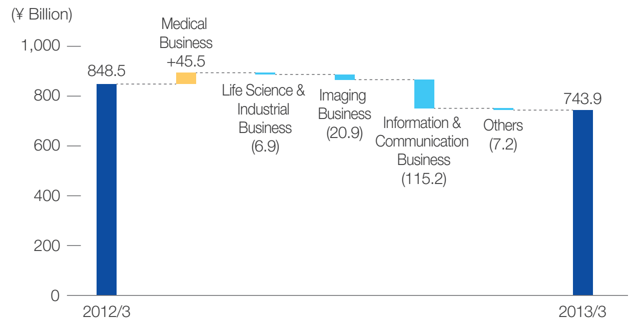
Looking at the Olympus Group’s focus business areas, in the Medical Business, we launched new products in Japan and overseas in our flagship gastrointestinal endoscope field, and these products contributed to higher earnings. In the Life Science & Industrial Business, we introduced new laser scanning microscopes and industrial videoscopes. As for the Imaging Business, we enhanced our lineup of mirrorless cameras and implemented cost reduction measures.

In fiscal 2013, R&D expenses amounted to ¥63,379 million and capital expenditures totaled ¥28,109 million.

In regard to foreign exchange, the yen initially appreciated against both the U.S. dollar and the euro in comparison with the previous fiscal year. However, in December 2012, the yen began to depreciate rapidly. The average exchange rate during fiscal 2013 was ¥83.10 against the U.S. dollar (¥79.08 in the previous fiscal year) and ¥107.14 against the euro (¥108.98 in the previous fiscal year). This increased net sales by ¥12,800 million and operating income by ¥200 million.

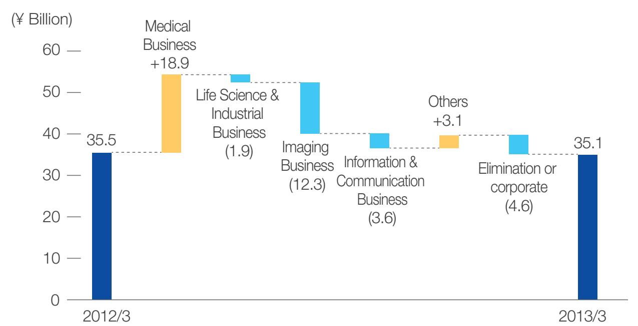
• Net Sales

Consolidated net sales decreased 12.3% year on year, to ¥743,851 million. This was because the impacts of the transference of the Information & Communication Business and lower sales in the Imaging Business, a result of a shrinking compact camera market, outweighed the benefits of higher sales in the Medical Business.



• Operating Income

Operating income remained the same level as the previous fiscal year, declining only 1.2% year on year, to ¥35,077 million, as the substantial increase in segment profit in the Medical Business offset the rise in segment loss in the Imaging Business.



• Net Income

Net income was ¥8,020 million, compared with a net loss of ¥48,985 million in fiscal 2012. This reflected the recording of extraordinary income of ¥22,454 million, mainly resulting from the transfer of the Information & Communication Business, as opposed to the recording of extraordinary losses of ¥16,358 million, which included impairment loss on business assets in the Imaging Business, in addition to income taxes of ¥10,900 million.

Performance by Segment

• Medical Business

In the Medical Business, consolidated net sales were ¥394,724 million (up 13.0% year on year) and operating income was ¥87,069 million (up 27.7% year on year).

In our flagship gastrointestinal endoscope field, we launched a new endoscopic videoscope system in Japan and overseas. Also, sales of EVIS EXERA III were strong overseas while EVIS LUCERA ELITE performed well in Japan. These factors made significant contributions to higher sales. In the surgical and endotherapy device field, strong sales continued for the VISERA ELITE surgical video endoscopy system. As a result, sales were up in the Medical Business. Operating income likewise increased following higher sales.

• Life Science & Industrial Business

In the Life Science & Industrial Business, consolidated net sales amounted to ¥85,513 million (down 7.5% year on year) and operating income totaled ¥3,527 million (down 35.2% year on year).

In the life science field, we introduced the new FV1200 and FV1200MPE into our lineup of FLUOVIEW laser scanning microscopes. In the industrial field, meanwhile, sales were strong for our ultrasonic, precision thickness gages. Regardless of these factors, overall net sales were down in the Life Science & Industrial Business due to the impacts of limited capital expenditure and budget delays among public research institutions stemming from the global economic recession. Operating income similarly decreased regardless of the benefits of production structure reforms and other efforts to reduce the cost of sales.

In the fourth quarter of fiscal 2013, both net sales and operating income showed year-on-year increases due to the benefits of fluctuations in foreign exchange and signs of recovery in domestic economic conditions.

• Imaging Business

In the Imaging business, consolidated net sales amounted to ¥107,638 million (down 16.3% year on year), while operating loss was ¥23,073 million (compared with an operating loss of ¥10,760 million in the previous fiscal year).

OLYMPUS OM-D E-M5, a high-performance mirrorless camera equipped with such features as an electronic viewfinder and the world's first 5-axis image stabilization system, posted higher domestic and overseas sales. Meanwhile, sales were strong for new high-value-added camera models, such as the TG-1 and TG-2 high-resolution compact cameras that feature Olympus-levels of toughness and bright F2.0 lenses. Nevertheless, the spread of smartphones resulted in a sharp contraction in the compact camera market, driving down both sales volumes and selling prices. As a result, overall sales declined in the Imaging Business. While we worked to reduce costs, the lower sales resulted in an increase in the operating loss.

• Information & Communication Business

In the Information & Communication Business, consolidated net sales amounted to ¥114,243 million (down 50.2% year on year), while operating income totaled ¥1,704 million (down 67.7% year on year).

On September 28, 2012, the Company transferred its Information & Communication Business to IJ Holdings Inc., a wholly owned company of a partnership operated and managed by Japan Industrial Partners, Inc. Net sales and operating income figures are therefore for the period from the start of the fiscal year until the date of transference.

• Others

In the Others Business, consolidated net sales amounted to ¥41,733 million (down 14.7% year on year) and operating loss was ¥4,870 million (compared with an operating loss of ¥7,992 million in the previous fiscal year).

Due to progress in the disposal of unprofitable businesses, there were declines in both net sales and the operating loss.

Fiscal 2014 Outlook

An overall recovery trend is expected in the global economy. However, there still remains concern for economic downturn in such forms as the prolonged financial instability in Europe and the deceleration of economic growth in emerging countries. In the Japanese economy, conditions remain difficult, but there is hope for a gradual recovery trend to occur due to the benefits of the economic stimulus measures instituted by the new government and continued yen depreciation.

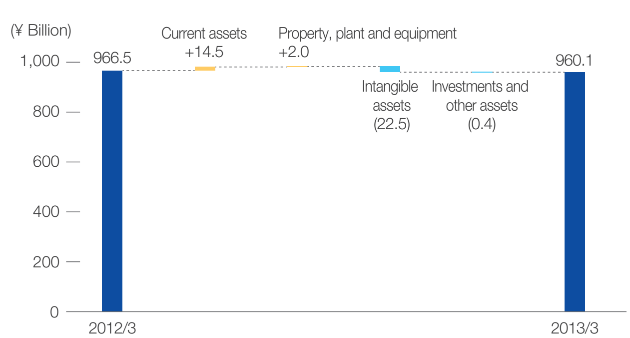
In this environment, the Olympus Group will continue to focus on the advancement of the four basic strategies defined in its medium-term vision: "rebuilding of business portfolio and optimaizing allocation of management resources," "review and reduction of costs," "restoration of financial health," and "restructuring of corporate governance." In the Imaging Business, which continues to record losses, the Group will work to improve earnings while prioritizing risk minimization.

In the Medical Business, we will work to maintain our overwhelming market share by launching new products in the gastrointestinal endoscope field. Efforts in the surgical business will be focused on achieving further growth by expanding the scope of our product lineups to include the areas of operating room imaging and energy devices. In the Life Science & Industrial Business, we will reform revenue structures and launch new products in growth fields. Meanwhile, in the Imaging Business, we will work to improve performance by significantly reducing sales volume targets to counter expected shrinking in the compact camera market and by focusing investment in the growing mirrorless camera field.

Financial Position

Total Assets

As of March 31, 2013, total assets stood at ¥960,082 million, down ¥6,444 million from a year earlier. Total current assets increased ¥14,479 million following an increase in cash and deposits, while investments and other assets decreased ¥22,917 million due to such factors as amortization of goodwill and sales of investment securities.



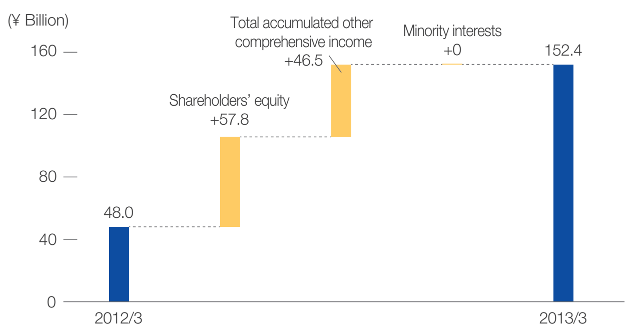
Liabilities

As of March 31, 2013, total liabilities amounted to ¥807,675 million, down ¥110,823 million compared with the end of the previous fiscal year. This decline was primarily due to decreases in notes and accounts payable of ¥33,058 million, short-term borrowings of ¥23,455 million, and long-term debt of ¥58,581 million.

Net Assets and Equity Ratio

Net assets at the end of the fiscal year totaled ¥152,407 million, up ¥104,379 million from the previous fiscal year-end. This rise was primarily due to an increase in total accumulated other comprehensive income of ¥46,537 million, which resulted from fluctuations in foreign exchange and stock prices, as well as respective ¥25,000 million increases in both common stock and capital surplus following the payment of a third-party allotment from Sony Corporation.

As a result of the above, the equity ratio increased from 4.6% from the end of the previous fiscal year to 15.5%.



Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was ¥25,233 million, down ¥5,656 million from the previous fiscal year. Major factors increasing cash included the recording of income before income taxes and minority interests of ¥19,142 million, compared with loss before income taxes and minority interests of ¥9,495 million in the previous fiscal year; a ¥1,967 million rise in decrease in prepaid pension cost; and the recording of decrease in inventories of ¥1,048 million, compared with increase in inventories of ¥9,742 million in the previous fiscal year. Major factors decreasing cash included the recording of loss on sale of investment securities in subsidiaries and affiliates, net of ¥20,026 million, compared with gain on sale of investment securities in subsidiaries and affiliates, net of ¥38 million in the previous fiscal year; decrease in impairment loss on fixed assets of ¥8,239 million; decrease in provision for loss on business liquidation of ¥3,060 million, compared with increase in provision for loss on business liquidation of ¥3,205 million in the previous year; increase in non-current lease receivables of ¥6,969 million, compared with decrease in non-current lease receivables of ¥2,145 million in the previous year; and commission fee for contract modification of ¥3,392 million.

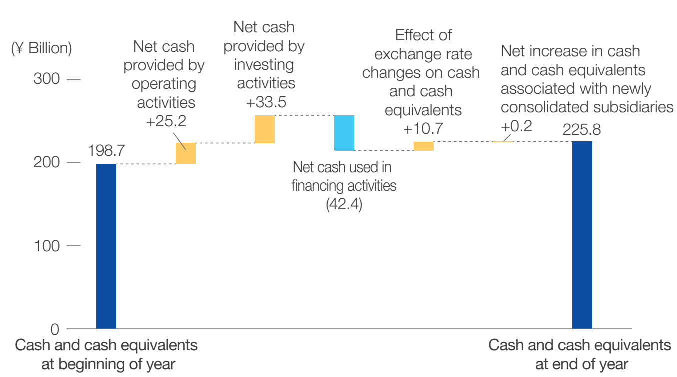
Cash Flows from Investing Activities

Net cash provided by investing activities was ¥33,455 million, compared with net cash used in investing activities of ¥35,735 million in the previous fiscal year. Major factors increasing cash included an increase in net increase from sales of investments in subsidiaries resulting in changes in scope of consolidation of ¥52,602 million, a decrease in purchases of intangible assets of ¥8,541 million, and the absence of payments for acquisition of newly consolidated subsidiaries, compared with ¥6,584 million recorded in the previous fiscal year. Major factors decreasing cash included an increase in payments for loans receivable of ¥2,052 million.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥42,436 million, up ¥36,675 million compared with the previous fiscal year. Major factors increasing cash included the recording of proceeds from issuance of new shares of common stock of ¥49,953 million and a decrease in repayments of long-term borrowings of ¥20,262 million. Major factors decreasing cash included the recording of decrease in short-term borrowings of ¥27,782 million, compared with increase in short-term borrowings of ¥2,722 million in the previous fiscal year; the absence of proceeds from long-term borrowings, compared with ¥60,244 million in the previous fiscal year; and an increase in redemption of bonds of ¥19,800 million.

As a result, cash and cash equivalents at end of year amounted to ¥225,782 million, an increase of ¥27,121 million compared with the end of the previous fiscal year.



Risk Information

A number of factors could significantly affect the business performance of the Olympus Group. To respond to such risks, Olympus newly formed the CSR Committee in 2011 and is strengthening activities pertaining to risk management. In addition, Olympus has established risk management rules, the Risk Management Promotion Committee based on those rules, and made decisions on risk management policies and evaluation, verification, and procedural guidelines.

Moreover, in October 2012, the former Risk Management Bureau was revised and renamed the Risk Management Department to further strengthen the Company's risk management structure. Within the Risk Management Department, we have assembled a full-time staff that collects and assesses information, formulates countermeasures, and ensures their effectiveness. In addition, the division works with each regional business center, business division, and affiliate to develop risk management structures. Should any risks arise that could have a significant impact on the maintenance of the Company's corporate value, such risks are immediately reported to the president and the CSR Committee, which collaborate with related divisions to determine appropriate countermeasures and ensure prompt resolution of the issue. Olympus is also developing a structure to respond to rapidly developing crises and thereby minimize the impact on corporate value.

The following are the main factors, other than management decisions, and risks inherit to operations that may give rise to changes in the Group's business performance. Forward-looking statements in this section are based on the Group's judgment as of the end of the fiscal year under review.

Business Risks

(1) Risks Associated with Sales Activities

1. In the Medical Business, it is possible that healthcare policies may be amended in an unforeseeable and material manner due to healthcare system reforms or that some other significant change may occur in the medical industry. If the Olympus Group is unable to adapt to such environmental changes or obtain the licenses and approvals in various countries necessary for its business activities in a timely manner, earnings may be affected.
2. In the life science sector of the Life Science & Industrial Business, the supply of systems for research funded by national budgets of countries accounts for a high proportion of earnings, and the curtailment of national budgets for such reasons as macroeconomic changes may affect earnings.
3. In the digital camera field of the Imaging Business, market conditions are growing ever harsher. If the market contracts more rapidly than anticipated, the Group may be unable to adequately counter the resulting sales decline with its restructuring measures, and earnings may be impacted as a result.

(2) Risks Associated with Production and Development Activities

1. In the Imaging Business, core production operations are located in China. Accordingly, a rise in the value of the yuan would result in cost increases, which may affect earnings. In addition, the destabilization of conditions or the deterioration of public safety in China, or anti-Japan sentiment, among others, may affect production activities.
2. The Group depends on certain specific suppliers for processes from development to production of products and components that cannot be developed and produced within the Group. Accordingly, procurement constraints resulting from conditions impacting these suppliers may affect production and supply capacity.
3. Olympus products, including products consigned to outside suppliers, are manufactured in accordance with strict quality standards. Nevertheless, the occurrence of product defects may result in substantial costs, such as for product recalls, as well as loss of confidence in the Olympus Group, which may affect earnings.
4. The Group is making continuous advances in the development of products that incorporate cutting-edge technologies. Nevertheless, technical progress is rapid, and the inability to sufficiently foresee market changes and develop new products that meet customer needs in a timely manner may affect earnings.
5. The Group applies various intellectual property rights in its R&D and production activities and believes that these are rights owned by the Group or rights for which the Group has legally obtained licenses. However, assertion by a third party that the Group has unknowingly infringed on intellectual property rights and the occurrence of a dispute may affect earnings.

(3) Risks Associated with Business Partnerships and Corporate Acquisitions

1. Olympus has formed long-term strategic partnerships related to technologies and product development with leading companies in the industry. Inability to maintain such partnerships due to the occurrence of financial or other business-related issues with strategic partners, changes in goals, or other reasons may hinder the Group's business activities.

2. Olympus may acquire companies for the purpose of business expansion. Inability to integrate acquired businesses in accordance with the Group's management strategies or inability to efficiently utilize the management resources of existing businesses or acquired businesses may affect the Group's operations, business performance, or financial position for such reasons as the recording of impairment of goodwill, loss on sales of businesses associated with business reorganizations, or expenses for business liquidation.
3. As of March 31, 2013, the Olympus Group held listed stocks with a total value of ¥43,904 million and unlisted stocks with a total value of ¥2,584 million as investments for the purpose of facilitating business alliances. The stock price of listed stocks is determined based upon market principles. Accordingly, fluctuations in market trends could cause the value of these stocks to decline. For unlisted stocks, it is possible that the estimated value of these stocks could decline due to changes in the financial position of the company in question. Such price fluctuations could force the Group to record loss on valuation of investment securities, and the Group's earnings or financial position could be affected as a result.

(4) Risks Associated with Financing

The Group obtains financing by means of borrowings from financial institutions and other sources, and changes in conditions in the financial markets may affect the Group's financing. In addition, an increase in financing costs as a result of such factors as deterioration in the Group's business performance may adversely affect the Group's financing.

(5) Risks Associated with Leakage of Information

The Group possesses important confidential information, such as technical information and personal information of customers and other interested parties. The Group has taken various measures to prevent leakage of such information outside the Group, including the preparation of internal regulations, thorough employee education, and the strengthening of security systems. Nevertheless, leakage of such information due to unforeseen circumstances may affect the Group's business performance or financial position as a result of such factors as damage to the Group's corporate value, loss of public trust, or the payment of compensation to customers or other interested parties affected by the leakage.

(6) Risks Associated with Deferred Posting of Past Losses

A case is pending in the Tokyo District Court in which the Company is charged with violations of the Securities and Exchange Act and the Financial Instruments and Exchange Act with respect to the Company's deferring of the posting of losses on investment securities, etc., since around the 1990s and the use, via multiple funds, of both the fees paid to financial advisors and funds to buy back preferred stock in relation to the acquisition of Gyrus Group PLC as well as the funds for the acquisition of three domestic companies (Altis Co., Ltd., NEWS CHEF, Inc., and Humalabo Co., Ltd.) to resolve unrealized losses on investment securities, etc., by deferring the posting of these losses. In its closing argument, the prosecution sought ¥1.0 billion in fines for the violations. The results of these proceedings may affect the Group's business performance or financial position. Furthermore, shareholders of the Company have filed legal complaints against the Company as a result of the Company's inappropriate financial reporting, and there is the risk that other shareholders and shareholder groups will claim damages or file lawsuits against the Company, which may affect the Group's business performance or financial position. As of the publishing date of the Company's securities filings, the following major lawsuits have been filed against the Company.

1. On July 23, 2012, Terumo Corporation, a shareholder of the Company, filed a complaint against the Company seeking damages of ¥6,612 million and 5% per annum interest on this amount for the period from August 22, 2005, up to the payment of the principal.
2. On June 28, 2012, 49 plaintiffs (of which one company withdrew its claim before the complaint was received), including the Teachers' Retirement System of the State of Illinois as well as non-Japanese institutional investors and pension funds that are shareholders of the Company, filed a complaint against the Company (the date the Company received the complaint was November 12, 2012) seeking damages of ¥19,138 million and 5% per annum interest on this amount for the period from October 14, 2011, up to the payment of the principal. (On March 15, 2013, a petition to change the claim was submitted, and the damages sought were changed to ¥20,851 million and 5% per annum interest on this amount for the period from November 8, 2011, up to the payment of the principal accordingly.)

3. On December 13, 2012, 68 plaintiffs (of which two companies withdrew their claims after the complaint was sent), including California Public Employees' Retirement System as well as non-Japanese investors and pension funds that are shareholders of the Company, filed a complaint against the Company (the date the Company received the complaint was March 29, 2013) seeking damages of ¥5,892 million (which was reduced to ¥5,875 million following the above-mentioned withdrawals) and 5% per annum interest on this amount for the period from October 14, 2011, up to the payment of the principal.

In addition, the Company missed the submission deadline under the Financial Instruments and Exchange Act for the quarterly securities report pertaining to the second quarter of the fiscal year ended March 31, 2012 (within 45 days after the end of the second quarter), and the misrepresentation in financial reports and other documents resulting from the above-mentioned deferred posting of past losses conflict with the disclosure and warranties clause and covenants clause with respect to a portion of borrowings from financial institutions (long-term borrowings of ¥320,000 million). However, on August 29, 2012, the Company held consultations with the correspondent financial institutions and concluded agreements with them to amend the relevant clauses on the basis of the consultations, and the infringements were cancelled as a result.

(7) Risks Associated with Internal Control Systems, etc.

The Company has striven to improve and develop its internal control systems in response to the designation of the Company's stock as Security on Alert by the Tokyo Stock Exchange (TSE) on January 21, 2012. Nevertheless, if three years after the designation the TSE deems that problems remain with the Company's internal control systems, etc., or if the TSE deems that there are unlikely to be improvements in the Company's internal control systems, etc., even though the TSE has requested submission of written affirmation on the internal control system, the Company's shares may be delisted, which may affect the Olympus Group's business performance and financial position. Even after the removal of this designation, the Company will continue to revise its internal control systems to minimize risks. However, it is still possible that a legal violation may occur and the Company's performance may be impacted.

Further, the Security on Alert designation was lifted from the Company's stock on June 11, 2013.

(8) Other General Risks

Through its domestic and overseas subsidiaries and affiliates, etc., the Company operates its various businesses around the world, including the Medical Business, which is a regulated industry. These regulated businesses may from time to time be subject to various investigations by domestic and overseas authorities and involve discussions with or reporting to authorities with respect to compliance with laws (for instance, response to investigations concerning compliance with the Antimonopoly Act or Pharmaceutical Affairs Act or voluntary disclosure to the U.S. Department of Justice regarding compliance with the Foreign Corrupt Practices Act (FCPA)), and the results of such investigations and consultations may affect earnings. In addition, the occurrence of natural disasters, disease, wars, terrorist attacks, or other incidents or the occurrence of greater than expected interest rate increases or exchange rate fluctuations may affect earnings.