MEDICAL BUSINESS

Akihiro Taguchi
President,
Medical Group

Message from the Group President

We will expand our business by providing world-leading services centered on early diagnosis and minimally invasive treatment methods.

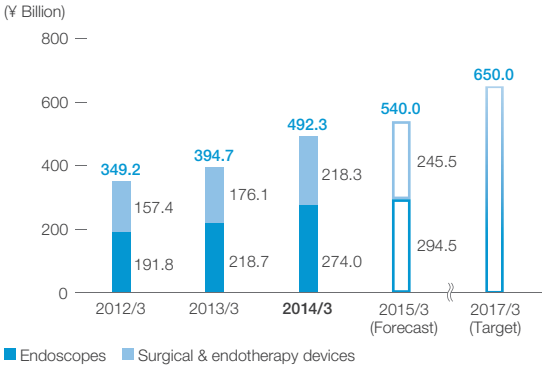
In the gastrointestinal endoscope field, we are strengthening our operating foundation by leveraging new products introduced into markets in Japan and abroad with the aim of solidifying our position as the world's No. 1 manufacturer. Meanwhile, the surgical device field has been positioned as a future growth driver, and we plan to strengthen these operations by conducting strategic investments targeting long-term growth. Specifically, we aim to rapidly grow surgical device operations by expanding our market share in the energy device field and strategically developing businesses in the urology, gynecology, and ENT areas.

(Millions of yen)

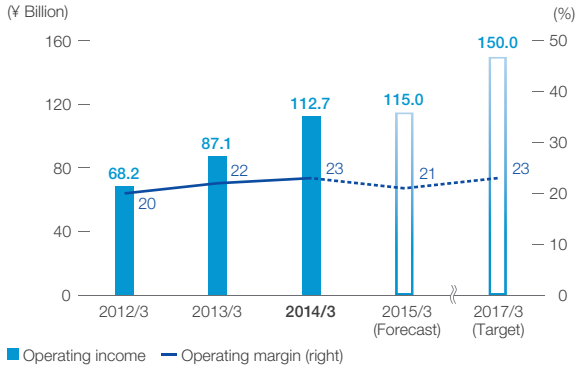
		2012/3	2013/3	2014/3
Operating Results	Net Sales	349,246	394,724	**492,296**
	Operating Expenses	281,058	307,655	**379,561**
	Operating Income	68,188	87,069	**112,735**
	Operating Margin (%)	19.5	22.1	**22.9**
Sales by Product	Endoscopes	191,798	218,674	**273,966**
	Domestic	43,803	47,335	**57,136**
	Overseas	147,995	171,339	**216,830**
	Surgical & Endotherapy	157,448	176,050	**218,330**
	Domestic	36,615	42,177	**48,735**
	Overseas	120,833	133,873	**169,595**
Segment Data	R&D Expenditures (¥ Billion)	26.9	31.3	**34.4**
	Capital Expenditures (¥ Billion)	15.6	17.1	**26.7**
	Number of Employees(*)	16,225	16,552	**18,345**

* Including average number of temporary employees

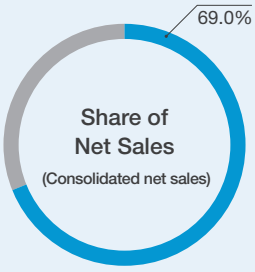
Net Sales

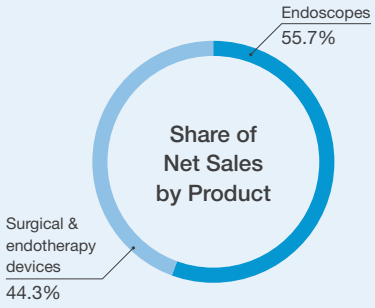


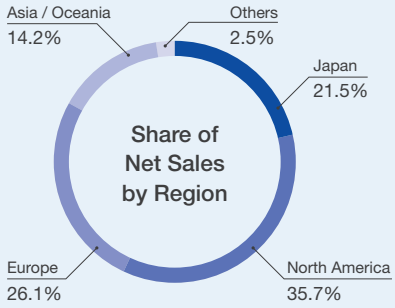
Operating Income / Operating Margin



Composition (Fiscal year ended March 31, 2014)







Strengths

- Share of more than 70% of global gastrointestinal endoscope market
- Technological capabilities that led to development of world's first practical gastrocamera and have continued to lead innovation since
- Position as only manufacturer to deal in both imaging equipment and energy devices
- Network of more than 200 repair sites worldwide

Weaknesses

- Position as latecomer in surgical device field after European and U.S. companies
- Insufficient lineup of surgical device products for procedures requiring open surgery and other treatments
- Deficient development, manufacturing, and sales capabilities for endotherapy and other disposable products

S W O T

Opportunities

- Growing healthcare awareness; rising demand for early diagnosis methods due to spread of cancer prevention education
- Increased demand for minimally invasive treatment methods
- Insufficient number of physicians trained in endoscopic procedures and room to improve medical techniques in emerging countries
- Progress in medical system reforms worldwide

Threats

- Strengthening of medical equipment regulations worldwide
- Downward pressure on selling prices due to increased influence of GPOs
- Appearance of overseas rivals due to reorganization of medical equipment industry
- Impacts of foreign exchange rate fluctuations (yen appreciation)

Overview of Fiscal 2014

In gastrointestinal endoscopes, our mainstay business, products introduced in fiscal 2013 made strong contributions to sales; EVIS EXERA III recorded impressive sales in the United States while EVIS LUCERA ELITE performed well in Japan.

In surgical devices, the VISERA ELITE integrated video endoscopy system, which supports endoscopic surgery, continued to record strong sales in Japan and overseas. In addition, sales were robust for the 3D laparoscopy surgical system launched in Japan, Europe, and the United States. Also, the surgical energy device THUNDERBEAT got off to a strong start after being introduced into the Japanese market during the second half of fiscal 2014. As a result of these factors, sales in the surgical device field also increased.

Reflecting the above, the Medical Business saw net sales rise 25% year on year and operating income increase 30%, both setting new records, due to the benefits of new product launches and yen depreciation.

Business Environment

In both developed countries, where populations are rapidly aging, and emerging countries, which are experiencing high economic growth, the improvement of patient quality of life and control of both healthcare and social security expenses have become urgent priorities. In the United States, for example, the Affordable Care Act (ObamaCare) has created a burgeoning trend toward efficiency and operational rationality in the medical industry. Olympus possesses technologies for the development and manufacture of products that meet needs spanning from those for early diagnoses to those for minimally invasive treatments. These technologies place the Company in a prime position to contribute to the medical industry. By leveraging this strength, Olympus will seek further business expansion by providing technologies, products, services, and solutions of the world's highest caliber.

Challenges and Business Strategies

Now is the ideal timing for conducting the investments that will enable us to achieve the goals defined for fiscal 2017, the final year of the medium-term vision, and drive our growth thereafter. For this reason, we have earmarked approximately ¥18 billion for strategic investments to be instituted in fiscal 2015. These investments are separate from those described in the medium-term vision, and their primary goal is to strengthen the surgical device field, which has been positioned as a future growth driver.

Of this amount, ¥12 billion will be allocated to expanding sales forces and conducting sales promotions to enhance selling capabilities. The remaining ¥6 billion will be devoted to R&D expenditures geared toward expanding the scope of our business. All investments are slated for completion in fiscal 2015.

Breakdown of Strategic Investments Targeting Long-Term Growth

Area	Details	Amount
Personnel expenses	Increase number of staff by approximately 1,000 people, centered on sales personnel (primarily in North America and Asia, where growth in surgical device market is expected)	Approx. ¥9 billion
Sales promotion expenses	Aggressively conduct sales promotions in North America, Asia, and other key markets (including sales training expenses and costs related to sample-use medical equipment)	Approx. ¥3 billion
R&D expenditures	Undertake upfront investment for future business growth and expansion (including ENT and gynecology areas and development of other advanced technologies)	Approx. ¥6 billion
Total		**Approx. ¥18 billion**

Priority Measures Based on Growth Strategies

Further Strengthen the Surgical Device Field

Medium-term vision goal: Average growth of 14% a year

1. Develop the Energy Device Business

Crucial to strengthening the surgical device field is growing the energy device business into a core pillar of operations. Based on this recognition, we have continued to bolster sales of the strategic product THUNDERBEAT since its launch, and we are expanding our sales force to ensure higher sales into the future. In addition, we are enhancing the specialized sales force formed to approach group purchasing organizations (GPOs) and integrated delivery networks (IDNs) in the United States, one of THUNDERBEAT's largest markets. We are also promoting sales by stepping up training initiatives and we will target further sales growth by bolstering our lineup of products that employ THUNDERBEAT's cutting-edge technologies.

THUNDERBEAT

2. Advance Strategies in All Areas of the Surgical Device Field

In strengthening the surgical device field, it will be important to boost sales of surgical endoscopes that utilize the Company's strength in imaging technologies. Another crucial measure will be expanding operations in the urology and ENT areas, where we gained a solid sales network through the acquisition of Gyrus Group PLC. Accordingly, we will bolster specialized sales forces geared toward both tasks. In addition, we will work to increase worldwide sales of DIEGO ELITE(*), a differentiated product developed using proprietary technologies for paranasal sinus surgical devices, an area that is primarily dominated by overseas manufacturers.

Furthermore, we aim to develop new businesses in areas peripheral to the surgical device fields, and we will conduct R&D expenditures to this end.

Expand Sales in Emerging Markets

Medium-term vision goal: Average growth of 23% a year

Emerging countries are experiencing population aging in a similar fashion to developed countries, and healthcare costs are shooting upward. For this reason, it is incredibly important to make the development of new endoscopists. To meet this need, Olympus established a training center in Guangzhou during 2013. Adding to existing Chinese training centers situated in Shanghai and Beijing, this center is our largest in Asia. The Company is now amply equipped to respond to the projected growth in training and after-sales service demand in the Chinese market. Going forward, we plan to develop training centers in other parts of Asia with the aim of growing our business by spreading knowledge regarding early diagnosis, minimally invasive treatment, and other procedures using endoscopes.

DIEGO ELITE

* DIEGO ELITE has been launched in Europe and the Americas and will be introduced into Japan after obtaining regulatory approval.

Training and service center in Guangzhou

TOPICS

Reorganization and Enhancement of Global Manufacturing Network to Strengthen Production Capabilities

Amid rising global demand for medical equipment, Olympus has been reorganizing and enhancing its global manufacturing network to raise production capacity and production efficiency. As one facet of these efforts, our five surgical device manufacturing sites in the United States were consolidated into three during 2014. At the same time, we are relocating former Gyrus Group PLC. plants to integrate previously dispersed functions and improve production efficiency. The new manufacturing plant to be completed in Brooklyn Park, in the U.S. state of Minnesota, during fiscal 2015 will contribute to increases in both production capacity and production efficiency for energy devices, which are expected to see growing demand. By strengthening manufacturing systems in conjunction with sales efforts, we aim to expand the surgical device field.

In Japan, where we manufacture our gastrointestinal endoscopes, we plan to invest a total of approximately ¥20 billion in three plants, situated in Aizu, Shirakawa, and Aomori, for the construction of new facilities, which are slated for completion during 2015 to 2016. These investments are anticipated to result in a 30% increase in production capacity coupled with a 50% improvement in production efficiency.

New Brooklyn Park plant, Minnesota (artist rendition)

In Asia, we are consolidating manufacturing functions into our Vietnam plant, particularly those related to endotherapy products that need to be mass-produced. This move will free up our Aomori plant to focus on manufacturing endotherapy devices that require highly precise technologies and are therefore not suited to automated production.

Similar manufacturing network reforms are being implemented in Europe, and the Group is progressively developing the foundations that will enable product creation to be conducted while fully leveraging the capabilities of its manufacturing infrastructure around the world.

SCIENTIFIC SOLUTIONS BUSINESS

Shinichi Nishigaki
President, Scientific Solutions Group

Message from the Group President

We will leverage the strengths of our technology development capabilities and high market share to respond to a diverse range of needs while improving profitability by revising strategies.

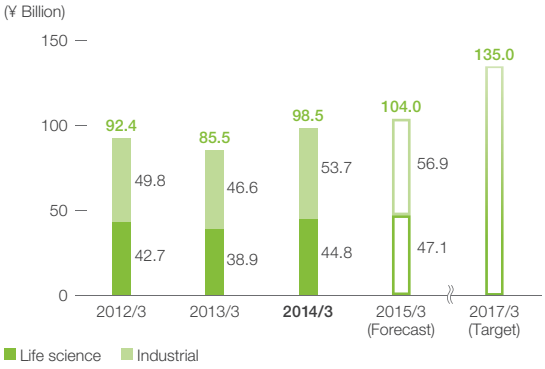
Effective April 1, 2014, the name of the Life Science & Industrial Business was changed to the Scientific Solutions Business. In this business, we will revise strategies to move away from strategies based on product lineups to pursue those oriented toward customer groups. This shift will enable us to strategically allocate management resources toward expanding our market share and increasing sales. At the same time, organizational integration will be advanced to increase both business and capital efficiency and thereby improve profitability.

(Millions of yen)

		2012/3	2013/3	2014/3
Operating Results	Net Sales	92,432	85,513	**98,510**
	Operating Expenses	86,993	81,986	**93,575**
	Operating Income	5,439	3,527	**4,935**
	Operating Margin (%)	5.9	4.1	**5.0**
Sales by Product	Life Science	42,650	38,910	**44,778**
	Domestic	10,560	10,315	**11,855**
	Overseas	32,090	28,595	**32,923**
	Industrial	49,782	46,603	**53,732**
	Domestic	8,394	7,526	**7,968**
	Overseas	41,388	39,077	**45,764**
Segment Data	R&D Expenditures (¥ Billion)	8.7	8.2	**9.3**
	Capital Expenditures (¥ Billion)	4.3	3.4	**4.5**
	Number of Employees(*)	5,150	4,575	**4,284**

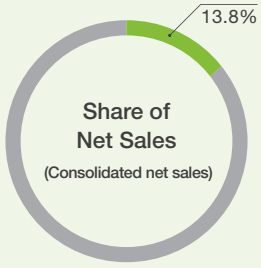
* Including average number of temporary employees

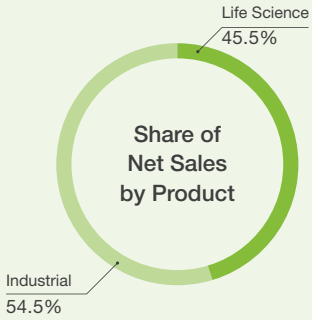
Net Sales

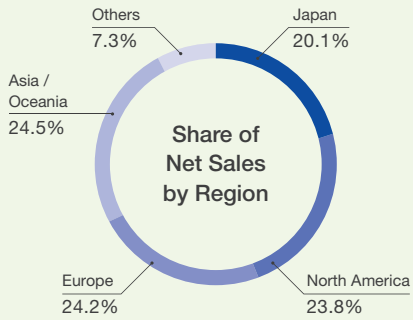


Operating Income / Operating Margin

Composition (Fiscal year ended March 31, 2014)







Strengths

- Industry's top share of 30% to 40% in biological microscope market
- World-leading share of 50% in industrial endoscope market
- Comprehensive solutions capabilities utilizing diverse product lineups
- State-of-the-art optical technologies continually refined since Company's founding

Weaknesses

- High susceptibility to changes in economic conditions of specific regions and countries
- Redundant functions and inefficiencies resulting from business diversification
- Diminished synergies in certain smaller businesses due to portfolio expansion

Opportunities

- Increased focus on advanced science research by governments of various countries and higher related budgets in these countries following economic upturns
- Rising demand for non-destructive testing equipment due to aging of infrastructure in developed countries and installation of infrastructure in emerging countries
- Expanding demand for industrial microscopes due to growth of electronic component industry in conjunction with spread of smartphone usage

Threats

- Trend toward limiting capital expenditure by private-sector companies
- Delayed execution of government budgets and budget cuts in various countries
- Economic deceleration and decreasing demand in emerging countries

Overview of Fiscal 2014

Overseas, government budget cuts continued to create a harsh operating environment. Domestically, however, we began seeing an increase in budget execution among research and medical institutions during the second half of fiscal 2014. Activity was also brisk in Japan's automotive market. These factors made clear contributions to sales growth. In the life science field, sales were strong for FLUOVIEW FVMPE-RS, a laser scanning microscope used to conduct advanced life science research that was launched in fiscal 2013. The industrial field, meanwhile, saw growth in sales of new IPLEX series industrial videoscopes, which are used to inspect jet engines. Likewise, sales were up for products in the OmniScan SX series, a line of miniature ultrasonic phased array flaw detectors that are able to inspect the inside of materials to detect flaws that cannot be viewed from the outside. The benefits from sales of these new products resulted in a 15% increase in net sales and a 40% rise in operating income year on year.

FLUOVIEW FVMPE-RS multi photon laser scanning microscope

IPLEX series industrial videoscope

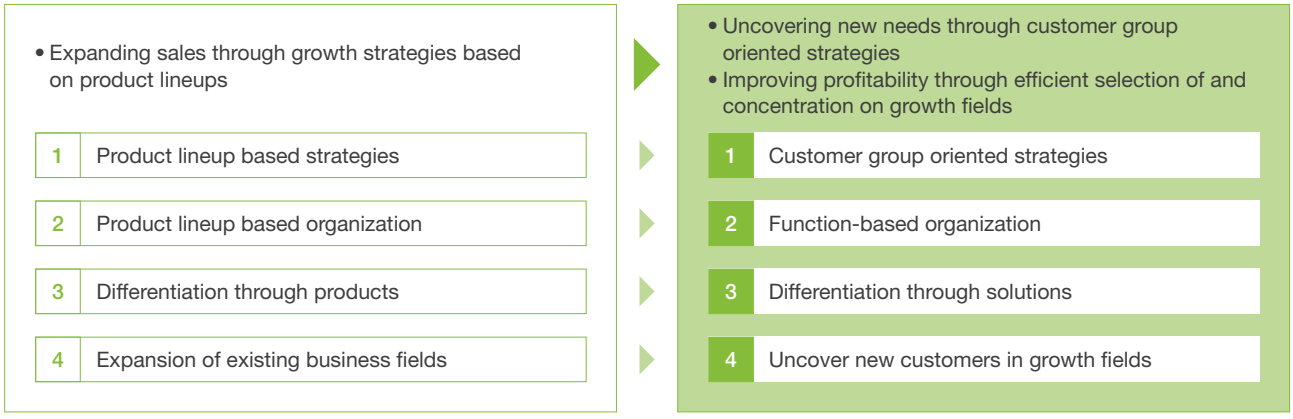
OmniScan SX ultrasonic phased array flaw detectors

Business Environment

Improvements in the business environment are being seen supported by the execution of budgets at domestic and overseas research and medical institutions as well as a recovery trend in capital expenditure. These positive trends were stimulated by an upward turn in global economic conditions and the depreciation of the yen, a result of the economic stimulus measures instituted by the new government administration in Japan. In the medium-to-long term, we expect to see the acceleration of advanced research on such topics as induced pluripotent stem cells (iPS cells) in the area of life science research. In addition, the market for the Scientific Solutions Business's products is projected to expand as a result of increased infrastructure investment in emerging countries accompanying economic development.

Challenges and Business Strategies

In the Scientific Solutions Business, growth strategies previously focused on actively expanding the product portfolio. We plan to revise those strategies to place more emphasis on profitability. Specifically, we are moving away from strategies based on product lineups to pursue those oriented toward customer groups. As part of this transition, we will narrow the range of customer groups to be targeted, and we aim to raise investment efficiency by carefully selecting businesses to be pursued in growth fields and concentrating resource allocation on these businesses. Other measures to generate income will include improving business efficiency and constitution through organizational integration.



Priority Measures Based on Growth Strategies

Shift from Product Lineup Based Strategies to Customer Group Oriented Strategies, Select and Concentrate Business on Growth Fields and Fields Expected to Be Targets of Future Investment

The Scientific Solutions Business previously advantaged strategies that entailed specialized sales divisions for each of its various product lineups, including biological microscopes, industrial microscopes, industrial endoscopes, and ultrasonic flaw detectors. These strategies will be revised to create the optimal sales system from a customer-oriented standpoint. Through this revision, we aim to improve efficiencies, gain a better understanding of unmet customer needs, and subsequently construct a system that will allow us to provide comprehensive solutions proposals for our customers.

Furthermore, we will carefully examine product portfolios and select target customer groups, after which we will clearly identify the growth fields in which we will pursue development in the future. Business operations will then be expanded efficiently by selecting target fields and concentrating investments on these fields. Potential targets include such fields as advanced life science research and infrastructure maintenance where we can expect high profitability and strong market growth. Product portfolios will be expanded after orientation toward this narrowed scope of fields. At the same time, we will consider the requirement for business reorganizations from fields that have been deemed unprofitable.

Integrate Business Organization across Divisional and Regional Boundaries

The Scientific Solutions Business has traditionally divided its organization in accordance with product lineups, splitting the business between the life science and industrial fields. This split organization will be integrated going forward. Cross-regional integration is already proceeding. In April 2014, North American sales and manufacturing organizations for microscopes and non-destructive testing equipment were integrated, followed by the merger of life science and industrial field sales divisions in Asia during May. These measures will be expanded into other regions as we move forward. In addition, we will work to maximize operational efficiency by integrating business functions around the world. In this undertaking, the web platforms that differ by region will be made uniform to construct more effective marketing communication functions while product introduction and training processes will be standardized on a global scale.

Overview of Strategic Shift

Previous strategies will be revised, and the range of target customer groups and product lines will be narrowed, based on selection and concentration, to place greater emphasis on profitable growth.

TOPICS

Strategic Olympus Products

Olympus products are used in a variety of areas; biological microscopes are primarily used in the research and development field, while industrial microscopes as well as industrial videoscopes and other non-destructive testing equipment are mainly employed for inspecting and examining infrastructure.

Biological Microscopes

Our biological microscopes find various uses in research fields like biology and life science. For example, they are used in clinical examinations to inspect blood samples and perform other functions as well as in pathology studies, such as those pertaining to cancer diagnosis. Recently, advanced medical research has been progressing at breakneck speed in the neurology, oncology, and regenerative medicine fields. We therefore expect to see not only increased demand for our biological microscopes but also greater potential for synergies with the Medical Business.

Industrial Microscopes, Industrial Videoscopes, and Other Non-Destructive Testing Equipment

The Company's industrial field products are put to use in the examination and inspection fields. These products help users perform needed checks with high levels of efficiency and precision and contribute to more efficient inspections and maintenance of jet engines as well as roads, railways, and other pieces of social infrastructure. We anticipate that these products will become increasingly important as infrastructure installation accelerates in emerging countries and infrastructure ages in developed countries, and we therefore look forward to ongoing growth in these areas.

IMAGING BUSINESS

Haruo Ogawa
President,
Imaging Group

Message from the Group President

We will work to break even on the operating income level in the camera business by expanding mirrorless camera operations and minimizing risks.

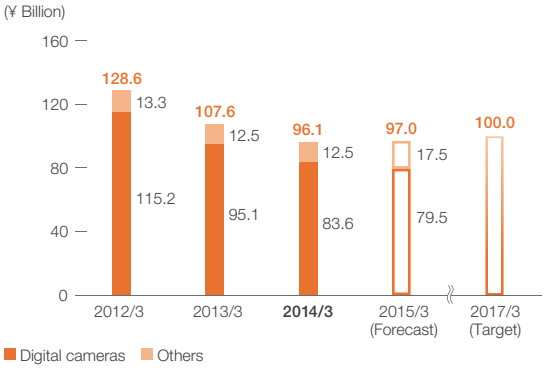
In the Imaging Business, we will pursue business development based on the policies of expanding mirrorless camera operations and minimizing risks. Accordingly, we will accelerate the shift from compact cameras, for which the market is continually shrinking, to high-margin mirrorless cameras while also taking measures to cut costs. In this way, we will work to break even on the operating income level. At the same time, we aim to quickly grow business-to-business (BtoB) operations in light of the risks present in the mirrorless camera market.

(Millions of yen)

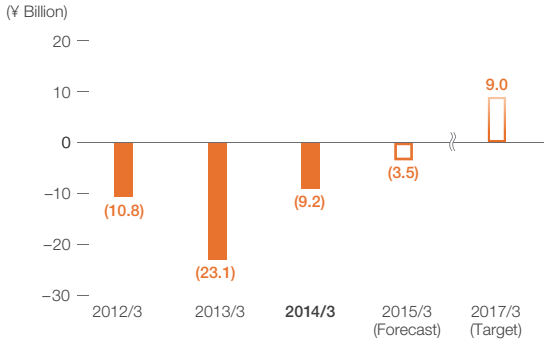
		2012/3	2013/3	2014/3
Operating Results	Net Sales	128,561	107,638	**96,111**
	Operating Expenses	139,321	130,711	**105,293**
	Operating loss	(10,760)	(23,073)	**(9,182)**
Sales by Product	Digital Cameras	115,237	95,101	**83,602**
	Domestic	27,333	27,234	**25,932**
	Overseas	87,904	67,867	**57,670**
	Others	13,324	12,537	**12,509**
	Domestic	4,018	4,126	**3,944**
	Overseas	9,306	8,411	**8,565**
Segment Data	R&D Expenditures (¥ Billion)	9.6	10.2	**8.7**
	Capital Expenditures (¥ Billion)	5.2	3.1	**3.5**
	Number of Employees(*)	11,644	8,180	**7,883**

* Including average number of temporary employees

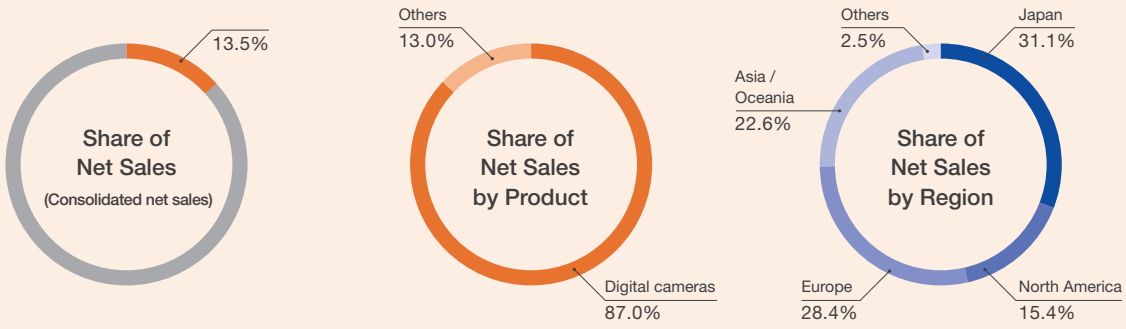
Net Sales



Operating Income (Loss)



Composition (Fiscal year ended March 31, 2014)



Strengths

- Unique technologies accumulated by concentrating on mirrorless cameras
- Ability to design and manufacture high-performance lenses that are small and light weight
- Top share in mirrorless camera market in Japan
- High-level imaging technologies and connections with Group customers from Medical Business and Scientific Solutions Business that are applicable to BtoB operations

Weaknesses

- Lacking sales system for high-priced SLR cameras (sales system shift under way)
- Insufficient lineup of high-priced interchangeable lens products (lineup expansion scheduled)

S W O T

Opportunities

- Expansion of mirrorless camera market
- Widening range of applications for cameras and increased demand for imaging-related technologies outside of private sector

Threats

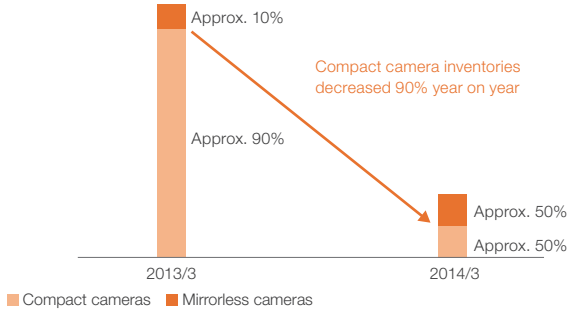
- Intensifying competition in mirrorless camera market
- Increased usage of smartphones and tablets PCs

Overview of Fiscal 2014

In digital SLR cameras, we introduced into the OM-D series of strategic mirrorless cameras OM-D E-M1, our new flagship model, and OM-D E-M10, which features a more accessible price. In addition, we continued to shift our operations away from compact cameras and toward mirrorless cameras. As a result, mirrorless camera sales rose 13% year on year, to ¥42.8 billion, surpassing compact camera sales, which totaled ¥40.8 billion, for the first time. We took preemptive steps to address the rapidly shrinking compact camera market by reducing sales volumes of these cameras, a measure that resulted in overall net sales declining 11% in the Imaging Business. Regardless, operating loss decreased ¥13.9 billion.

Compact camera inventories have continued to be a detriment to income. However, in fiscal 2014, we succeeded in reducing these inventories by approximately 90% on a unit basis and roughly 60% on a monetary basis. Meanwhile, we are expanding our lineup of mirrorless cameras and lenses and increasing the ratio of sales accounted for by high-value-added OM-D series cameras. Looking at digital camera inventories on the whole, inventory levels are relatively unchanged from March 31, 2013, on a monetary basis. However, the content of these inventories has changed; they now consist more of mirrorless cameras, which boast long product life cycles.

Inventory Ratios for Mirrorless Cameras and Compact Cameras (Unit basis)



Business Environment

The compact camera market is rapidly contracting due to the spread of smartphones and tablet PCs, and this market is expected to shrink about 30% in fiscal 2015. Similarly, growth is projected to be flat in the digital SLR camera market, meaning that our focus market—mirrorless cameras—is likely to be the only market showing positive growth in fiscal 2015. The strategic OM-D series primarily consists of mid-to-high-end models (those priced more than US$600), which are anticipated to see the largest growth in demand. For this reason, we forecast that shipment volumes of OM-D series cameras will increase approximately 20% year on year in fiscal 2015.

Challenges and Business Strategies

Going forward, we will accelerate the shift toward mirrorless cameras, specifically the high-value-added OM-D series. We will also step up the risk minimization measures that proved effective in reducing losses during fiscal 2014.

By further scaling back compact camera operations and stringently managing SG&A expenses, we aim to realize a substantial reduction in operating loss in fiscal 2015.

Earnings Improvement Forecasts for Fiscal 2015

(Billions of yen)

	2013/3	2014/3	2015/3 (Forecasts)	Change	
Net sales	107.6	96.1	97.0	+0.9	
SLR cameras (mirrorless)	37.7	42.8	59.5	+16.7	• Expand sales volumes centered on OM-D series • Increase average selling prices
Compact cameras	57.4	40.8	20.0	(20.8)	Decrease sales volume targets in anticipation of future market contraction (Compact camera sales volume target: 2,710,000 units ▶ 1,000,000 units)
Others	12.5	12.5	17.5	+5.0	
Gross profit	32.6	42.2	45.2	+3.0	• Lower cost of sales (logistics, inventories, quality, etc.) • Increase mirrorless camera sales ratio (Percent of net sales accounted for by mirrorless cameras: 44% ▶ 61%)
SG&A expenses	55.7	51.3	48.7	(2.6)	Cut SG&A expenses by reducing number of models to be developed, improving sales channel efficiency, etc.
Operating loss	(23.1)	(9.2)	(3.5)	+5.7	Forecast to break even if upfront investment of ¥3.5 billion in BtoB operations is excluded

Priority Measures Based on Growth Strategies

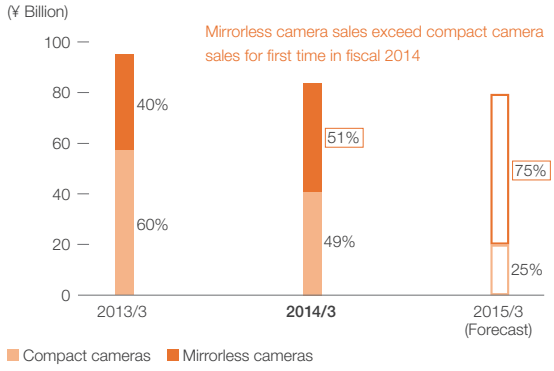
Minimize Risks

The mirrorless camera market is expanding on a monetary basis. However, risks in the Imaging Business are increasing due to such factors as the shrinking compact camera market and changes in the distribution environment. To address these risks, we will step up the implementation of risk management measures while revising our business strategies as deemed necessary.

In the rapidly contracting compact camera market, we have reduced our sales volume targets, and we are only targeting sales volumes of 1 million units in fiscal 2015, approximately 60% less than was recorded in fiscal 2014. Compact camera risk management measures are advancing in line with plans, as demonstrated by the near completion of the elimination of low-priced compact camera inventories, which were a major factor behind profitability declines. At the same time, we are pursuing further profitability improvements through more exhaustive cost-cutting measures. For example, we are increasing manufacturing efficiency, reducing inventory costs, decreasing R&D expenditures by curtailing the development of models, and utilizing sales channels in a more efficient manner.

However, when looked at from a long-term perspective, there is a risk that the mirrorless camera market will contract. For this reason, we are revising the business portfolio of the Imaging Business so as to have a greater proportion of BtoB operations supplement its traditional business-to-customer operations. Over the long term, we will work to build a stable earnings foundation in the Imaging Business by fully leveraging the technologies born out of digital camera development and gradually increasing the ratio of BtoB operations in our business portfolio.

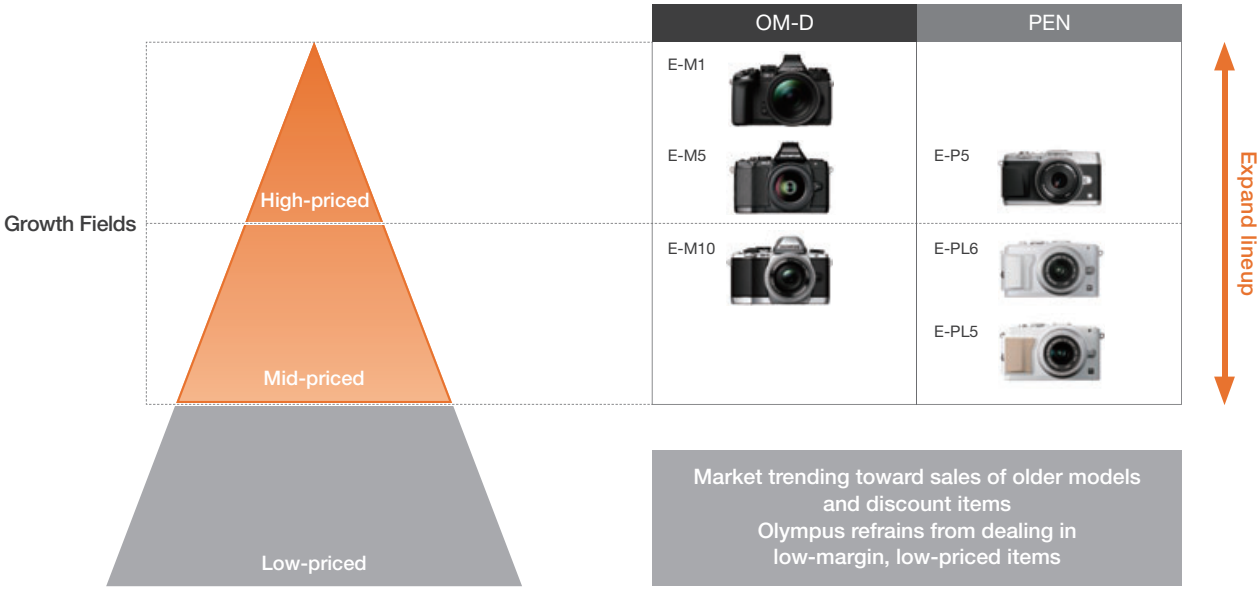
Share of Net Sales for Mirrorless and Compact Cameras



Expand Sales of High-Margin Mirrorless Cameras

In mirrorless cameras, we are shifting our focus toward the OM-D series. This series of high-value-added models is core to our mirrorless camera lineup and will be a priority target for sales promotion investments going forward. By utilizing the flagship OM-D E-M1 model and the accessibly priced OM-D E-M10 model, we aim to expand our market share by syphoning business from the conventional digital SLR camera market. In addition, we have nearly completed the elimination of low-priced compact camera inventories. We are now positioned to concentrate our sales force on mirrorless cameras and thereby boost sales of OM-D and PEN series cameras.

Mirrorless Camera Portfolio by Price Range



TOPICS

Pursue Expansion of BtoB Operations

To respond to the risk of the mirrorless camera market shrinking, we will pursue the expansion of BtoB operations over the long term. We have already established many business relationships in which we sell Olympus lens modules directly to other companies. In addition, we believe there are latent customers for such transactions in the Scientific Solutions Business and the Medical Business. Furthermore, the Company's sophisticated optical technologies and manufacturing technologies have the potential to be adapted to a variety of products and systems. By adapting these technologies to meet market needs, Olympus will be able to take advantage of a wider range of business opportunities.

In fiscal 2015, we will conduct upfront investments totaling ¥3.5 billion in our BtoB operations, which we hope to grow into a business with sales to the extent of ¥20 billion. A specialized BtoB sales force has already been created, and we plan to strengthen these operations into the future, with businesses involving automobile-mounted cameras and security cameras being considered as possible options.

* Artist renditions