

R&D Activities

Overview of R&D Activities

Olympus is proactively advancing R&D activities utilizing its core competencies, which include its optical technologies, digital imaging technologies, and microscopic processing technologies. These activities will be continued going forward to further strengthen the Company's technological foundation. R&D activities are conducted in a strategic manner focused on creating technologies that directly benefit our three core businesses, with the Medical Business receiving a particularly large allocation of management resources. We carried out R&D activities based on this approach in fiscal 2015, resulting in a massive year-on-year rise of 26.0% in R&D expenditures

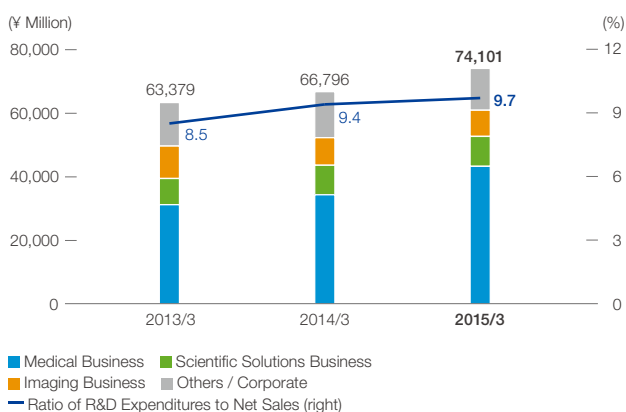
R&D Expenditures by Business Segment

	Millions of yen		
	2014/3	2015/3	Change
Medical Business	34,380	43,324	26.0%
Scientific Solutions Business	9,276	9,407	1.4%
Imaging Business	8,672	8,229	(5.1%)
Others / Corporate	14,468	13,141	(9.2%)
Total	66,796	74,101	10.9%

conducted in the Medical Business. This business is expected to account for an increasingly large portion of total R&D expenditures in the future.

Total R&D expenditures increased 10.9% year on year, to ¥74.1 billion, and the ratio of R&D expenditures rose 0.3 percentage point, to 9.7%.

R&D Expenditures / Ratio of R&D Expenditures to Net Sales



R&D Investments for Creating New Businesses

In the Others Business, aggressive R&D investments will be conducted for creating new businesses. The Business Development Office, which was established as part of the shift to the new organizational structure commenced in April 2015, will play a central role in this undertaking.

Target business fields will include the imaging field, where we will expand the business-to-business (BtoB) operations that were previously invested in as part of the Imaging Business, as well as the medical field, where we will leverage the strengths of the Medical Business to explore fields that are peripheral to this business.

	New business goals	Main target markets and fields
Medical field	Exploring peripheral fields that are highly compatible with the Medical Business	Orthopedics field, regenerative medicine field, etc.
Imaging field	Leveraging Imaging Business technologies to provide BtoB solutions	Manufacturing market, automotive market, etc.

• Medical Field

Olympus has continued to push forward with R&D activities in fields that are peripheral to the Medical Business and present significant potential for synergies. We are now accelerating investments in such fields with the aim of developing them into full-fledged businesses.

Olympus plans to explore advanced fields that contribute to the realization of minimally invasive therapies, one of the core values provided by the Medical Business. Specific target fields include orthopedics and regenerative medicine.

• Imaging Field

The BtoB operations previously developed as part of the Imaging Business will be strengthened in the future as one facet of our investments in new business fields. Olympus has

forged highly sophisticated optical and image processing technologies through fierce competition in the camera market. We anticipate that these technologies will be an invaluable asset in creating products for the BtoB market, where customers demand the utmost levels of quality. Currently, we are developing operations dealing in such items as factory automation cameras, which are used in factory production lines, and automobile-mounted cameras, which are becoming increasingly more standard in vehicles. At the moment, these operations are being expanded with the aim of achieving profitability.

Over the long term, we will continue to explore potential in other product areas that we can utilize Olympus' imaging technologies, seeking out feasible businesses in a wide range of fields.