

New Medium-Term Management Plan

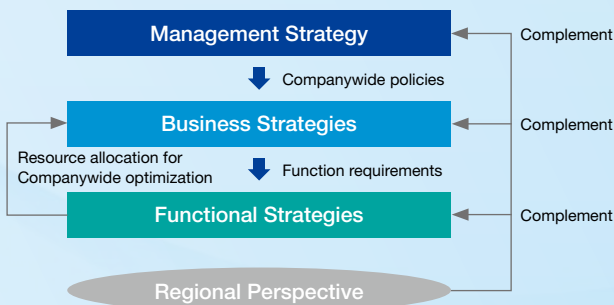
(For five years from fiscal 2017 to fiscal 2021)

16CSP

In March 2016, Olympus unveiled 2016 Corporate Strategic Plan (16CSP), a five-year, medium-term management plan that began with fiscal 2017. Under this plan, Olympus will work to improve corporate value by strengthening the foundations of its business and developing an aggressive business portfolio for sustainable growth beyond its 100th anniversary in 2019.

Management Policies	<ul style="list-style-type: none"> ▪ To be the greatest “Business to Specialist” Company ▪ One Olympus
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Strategy Framework



At the center of 16CSP is the Management Strategy, under which lies the Business Strategies and the Functional Strategies designed to support the Business Strategies. Within this framework, we will merge the business and function sides of operations in a balanced manner to fully utilize the management resources of the entire Company.

From April 1, 2015
Transition to matrix style of business operation

2016~ 16CSP

2012~ Medium-Term Vision

Medium-Term Vision
Management reconstruction stage

Recover trust and strengthen internal systems

One Olympus

Vision: Olympus contributes to society by making people's lives healthier, safer, and more fulfilling around the world

FY2012 Results

Net sales: ¥848.5 billion
 Operating margin: 4.2%
 Equity ratio: 4.6%
 ROE: (62.3)%

FY2016 Results

Net sales: ¥804.6 billion
 Operating margin: 13.0%
 Equity ratio: 38.2%
 ROE: 17.0%

2021~

2019
(100th anniversary)

16CSP

Sustainable growth stage

Strengthen foundations and develop aggressive business portfolio

Grow into a strong global player in the medical field

Management Goals

	FY2021 (Targets)	FY2016 (Results)
Capital Efficiency: ROE	15%	17%
Profitability: Operating margin	15%	13%
Business Growth: EBITDA	Double-digit growth*	+9% growth
Financial Soundness: Equity ratio	50%	38%

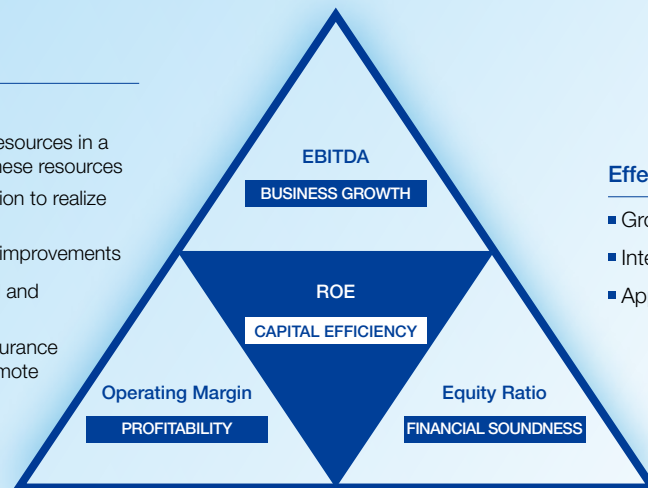
* CAGR

Generate management resources

Balance-Oriented Management Emphasizing ROE

Priority Strategies of 16CSP

- Take action to grow businesses
- Acquire necessary management resources in a timely manner and fully leverage these resources
- Advance forward-looking preparation to realize continued growth
- Pursue further business efficiency improvements
- Enhance management on a global and Groupwide basis
- Strengthen Quality/Regulatory assurance functions and internal control, promote strict compliance



Effectively utilize capital and funds

- Growth investments (R&D, M&A, etc.)
- Internal reserve enhancement
- Appropriate shareholder returns

Optimally allocate management resources

Performance Indices and Targets	Net Sales	Operating Income	Free CF	EPS	EBITDA	Total Return Ratio	R&D Expenditures	Capital Expenditures
FY2021 (Targets)	¥1,100 billion	¥180 billion*	More than ¥250 billion (5-year total)	¥350*	¥240 billion	Approx. 30%	¥430 billion–¥480 billion (5-year total)	¥300 billion–¥350 billion (5-year total)
FY2016 (Results)	¥804.6 billion	¥104.5 billion	¥(4.3) billion	¥183	¥154.2 billion	9%	¥81.4 billion	¥64.4 billion

* Figures are calculated based on International Financial Reporting Standards (IFRS).



Striving to become a strong global player in the medical field, we will further hone the unparalleled product creation capabilities and strengths as a “Business to Specialist” Company that we have forged to date as we endeavor to give form to the concept of a united One Olympus.

Hiroyuki Sasa

President and Representative Director

Review of the Medium-Term Vision

Drive to Complete the Medium-Term Vision

Fiscal 2016 proved to be an important turning point at which we took time to consider our ideal vision for the Olympus of the future. It was also during this year that we advanced a drive to finish the medium-term vision, the corporate strategic plan launched in 2012 with the aim of reconstructing management. Under this plan, we reorganized non-core business domains and concentrated management resource allocation

on the Medical Business. We also advanced four basic strategies based on corporate management policies, including restructuring corporate governance and improving the Company's balance sheet. As a result of these efforts, we were able to successfully escape the state of crisis we found ourselves in when launching the medium-term vision, more or less achieving the plan's overall goals.

Successes under the Medium-Term Vision

Basic Strategies	Evaluation	Achievements (Fiscal 2012 → Fiscal 2016)
1 Rebuilding of business portfolio / optimizing allocation of management resources	○	<ul style="list-style-type: none"> ■ Medical: Achieved net sales and operating income targets 1 year in advance ■ Scientific Solutions: Improved profitability, expanded net sales in industrial field ■ Imaging: Implemented drastic structural reforms, departed from structure creating operating losses of more than ¥10 billion ■ Non-core: Completed reorganization ahead of schedule
2 Review and reduction of costs	○	<ul style="list-style-type: none"> ■ Reorganized production bases in Asia and North America (30 bases → 21 bases) ■ Optimized staff size (4,500 reduction in global employee numbers*) ■ Consolidated operating margin: 4.2% → 13.0%; Cost of sales ratio: 54.8% → 33.5%
3 Restoration of financial health	◎	<ul style="list-style-type: none"> ■ Increased equity ratio (5% → 38%) through reduced interest-bearing debt (¥642.4 billion → ¥321.1 billion) and other balance sheet streamlining measures, achieving target ahead of schedule ■ Issued dividends for first time in 4 years in fiscal 2015
4 Restructuring of corporate governance	○	<ul style="list-style-type: none"> ■ Established Board of Directors membered by majority of highly independent outside directors ■ Strengthened internal controls and had Security on Alert designation removed from Company stock in 1 year ■ Reinforced compliance systems and reached settlement with U.S. Department of Justice

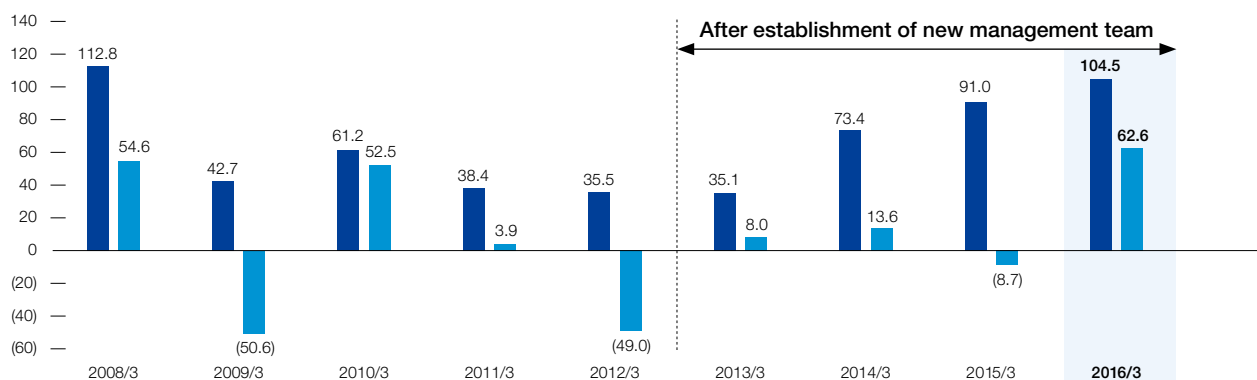
* Including average number of temporary employees

Looking at performance, operating income in fiscal 2016 exceeded ¥100 billion for the first time in 8 years and was roughly three times higher than when I assumed the position of president in fiscal 2013. We also posted record-breaking net income of ¥62.6 billion. Meanwhile, we managed to make a certain degree of progress in eliminating the root causes of extraordinary losses as we prioritized reorganizing unprofitable

businesses, addressing securities litigations, and reaching settlements with the U.S. Department of Justice. In this manner, we have improved our corporate constitution to the point at which we can safely secure profits, allowing us to resume dividend payments, which I see as a significant achievement. We will continue to enhance shareholder returns.

Consolidated Performance

(¥ Billion) ■ Operating Income ■ Net Income



Performance Indices

The medium-term vision focused on the four performance indices of return on invested capital, or ROIC, the operating margin, free cash flow, and the equity ratio, and we thus pursued simultaneous improvements in each of these indices. As a result, the fiscal 2017 targets for both the operating margin and the equity ratio were achieved three years in advance.

This accomplishment came on the back of a substantial improvement in our financial position, which we realized over a short period of only four years. This improvement was achieved by taking advantage of the cash flows generated through earnings growth centered on the Medical Business to

reduce interest-bearing debt while reorganizing non-core business domains and procuring additional capital from overseas. ROIC also showed a pronounced improvement, rising from 3% in fiscal 2012 to 9% in fiscal 2016 due to increased profitability and asset efficiency. Free cash flow, meanwhile, was a negative ¥4.3 billion in fiscal 2016. However, this less-than-satisfactory outcome was primarily due to one-time outlays, such as those related to settlements with the U.S. Department of Justice. Our current structure is such that, if these one-time outlays are excluded, we would have been able to achieve our free cash flow target of ¥70 billion.

Performance Indices and Targets (Consolidated)

Performance Indices	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3 (Targets)
Return on invested capital (ROIC)*	2.7%	2.7%	5.9%	8.0%	8.8%	More than 10%
Operating margin	4.2%	4.7%	10.3%	11.9%	13.0%	More than 10%
Free cash flow (Cash flow from operating activities + Cash flow from investing activities)	(¥4.8 billion)	¥58.7 billion	¥52.1 billion	¥27.2 billion	(¥4.3 billion)	More than ¥70 billion
Equity ratio	4.6%	15.5%	32.1%	32.9%	38.2%	More than 30%

* Return on invested capital (ROIC) = Return (Operating income after taxes) / IC (Shareholders' equity + Interest-bearing debt)

A Look Back at Our Businesses

In our mainstay Medical Business, exceptionally impressive performance was seen centered on the gastrointestinal endoscope field, leading the business to achieve its net sales and operating income targets a year in advance while driving earnings growth on a Companywide basis. In the surgical device field, where we must compete with European and U.S. rivals that were early market participants, we were able to introduce products for fueling future growth as scheduled. Such products included differentiated surgical endoscopes that take advantage of our lead in the areas of 3D and 4K imaging technologies. We also conducted upfront investment in sales and marketing, areas where we needed to strengthen our capabilities. Focused on North America, these investments reinforced sales and marketing systems, and we are now positioned to ensure sales of such new products. Going forward, we believe it will be important to increase the amount of sales by each member of our sales staff. Initiatives to this end will include implementing sales activity tracking measures to improve sales efficiency.

In the Scientific Solutions Business, we transitioned away from strategies based on product lineups to focus more on those oriented to customer groups. We also improved business efficiency by integrating sales divisions in Europe and North America and conducting other reorganizations. Through these efforts, we seek to cut costs by improving efficiency and thereby boost profitability to establish a structure that can generate operating income, even if the rapidly changing operating environment were to cause sales stagnancy. Looking ahead, we will continue to accurately identify the growth potential and

profitability presented by each customer group to bolster earnings capacity and realize further growth.

In the Imaging Business, one of our most important accomplishments under the medium-term vision was to improve profitability. For digital cameras, the market continues to contract, creating a consistently difficult operating environment. Nevertheless, Olympus responded to such market change with a massive shift in strategies, thereby realizing a substantial increase in profitability. Specifically, although the Imaging Business had posted operating losses exceeding ¥10 billion for five consecutive years, we were able to reduce operating loss to approximately ¥2 billion in fiscal 2016, finally moving us within sight of our goal of breaking even on the operating income level. I therefore feel that the structural reforms we have advanced in this business thus far have begun to generate results. Part of such reforms included halving the staff of the Imaging Business, which was larger than 10,000 people four years ago, and consolidating its five production bases into two. In addition, we withdrew from low-priced compact camera operations and accelerated our shift toward mirrorless cameras. By adopting a policy of not pursuing sales expansion, we endeavored to cut fixed costs to the point that would allow us to break even, improving profitability as a result. In the future, we will continue controlling costs in the Imaging Business as necessitated by market contraction and change. At the same time, we will utilize the technologies and other resources of this business in growth businesses in other fields, positioning the Imaging Business as a Companywide technology driver.

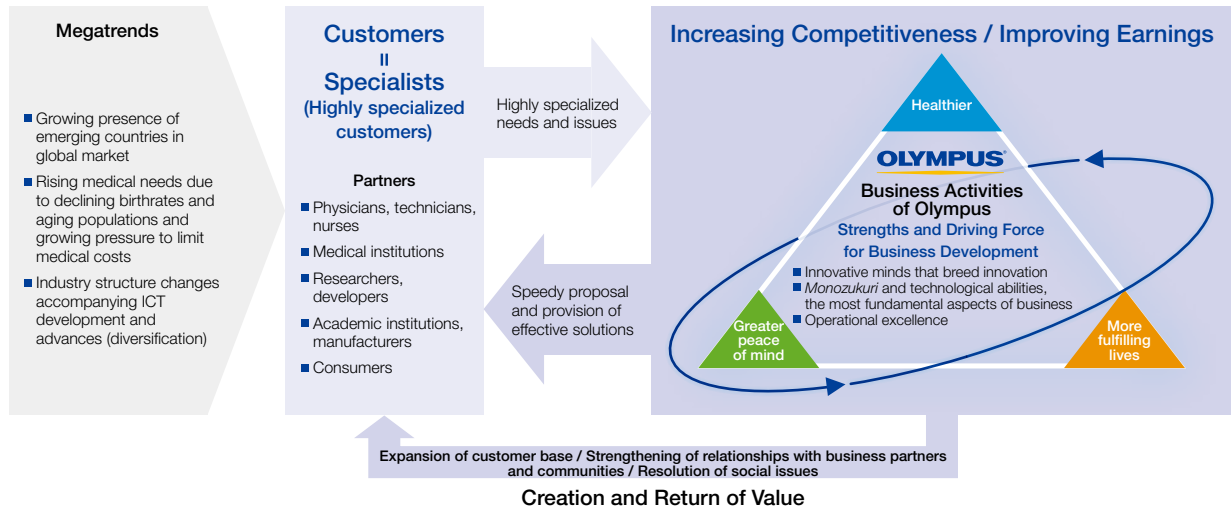
New Medium-Term Management Plan—2016 Corporate Strategic Plan (16CSP)

Competing in Fields Where We Can Leverage our Strengths while Focused on Specialists

Our new medium-term management plan, 2016 Corporate Strategic Plan, or 16CSP, started with fiscal 2017. This plan examines how we plan to grow the Company going forward based on our vision for Olympus 10 years from now. When formulating this plan, we began by reexamining the question of “who are our customers?” Looking back over the history of Olympus, we saw that we have traditionally excelled in businesses targeting specialists, those customers with highly specialized skills. We thus identified Olympus’ strength as the ability to conduct product creation based on an accurate understanding of the needs of highly specialized customers and to rapidly propose products and solutions that effectively address these needs. We have grown our business up until today by earning the trust of our customers through these efforts, a fact that holds true for the Medical Business, the Scientific Solutions Business, and the Imaging Business. For

this reason, a core directive of 16CSP is for us to reinforce our operations in markets targeting specialists that understand the type of value Olympus provides. Accordingly, we have set the policy of striving to be the greatest “Business to Specialist” Company. However, when we say “the greatest,” we are not referring to the biggest or the strongest. Rather, we view “the greatest” as being a term for referring to the company that makes the largest contributions to its stakeholders, not only customers but also communities, shareholders, employees, and others, and that is in return looked to with anticipation and respect. This term thus embodies our strong commitment to becoming such a company. Based on this policy, we will continue to push forward with measures to strengthen our operations in fields where we can leverage our strengths as a “Business to Specialist” Company and take full advantage of our management resources.

Approach toward Target Customers and Creation of Value Leveraging Strengths of Olympus



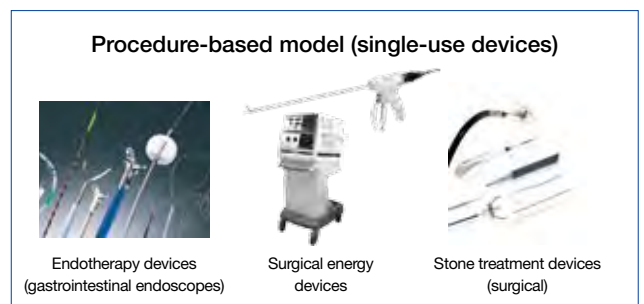
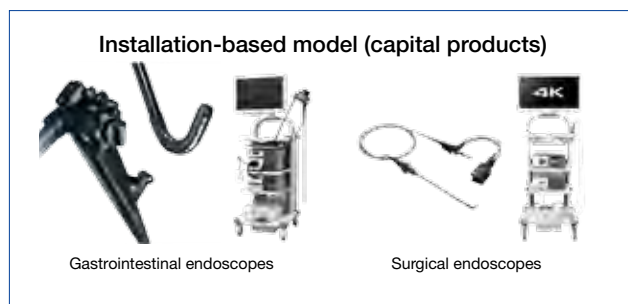
Developing an Olympus-Style, Procedure-Based Medical Business Model That Responds to Social Needs Arising from Declining Birthrates and Aging Populations, Decreasing Hospital Numbers, and the Curtailment of Medical Expenses

Olympus’ core business is the gastrointestinal endoscope business. There is no change to our policy of expanding this business going forward while maintaining high profitability and competitiveness along with a dominating market share. The operating environment of the Medical Business is undergoing substantial change. However, I am confident that—if we can effectively exercise our strengths in response to change—change will come to present significant business opportunities for the Company.

Looking at developed nations in particular, the strong pressure to curtail medical expenses makes it unlikely that the number of hospitals, and consequently the number of endoscopic treatment facilities and operating rooms, will show any significant increase in the future. Conversely, population aging is expected to result in a rise in the number of procedures conducted at each medical facility. Given this change in the operating environment, the development of a procedure-based Medical Business model to complement our existing installation-based model will be a matter of strategic importance. The first step in developing this model will be expanding our single-use device operations. In this regard, we feel that it will be prudent to strengthen our operations in relation to the endotherapy devices used in gastrointestinal endoscopic examinations and treatments and the energy

devices used in general surgery. This undertaking will require us to develop an optimal value chain for single-use devices, which will differ from our traditional endoscope value chain.

Olympus possesses business competency as a specialist in the field of capital products, such as endoscopes. However, our single-use device capacities need to be strengthened further. It is therefore vital that we accelerate the cycle of development and introduction of new products while also reinforcing the various frameworks and systems necessary for our single-use device operations, such as fast-acting regulatory affairs systems and manufacturing systems capable of low-cost, high-quality mass production. Furthermore, the sales process for single-use devices is completely different from that for capital products. Accordingly, it will be important to establish sales systems that can ensure our ability to move these devices, a task that must be pursued while stepping up coordination between development and manufacturing and between quality and medical affairs functions. By overcoming these obstacles, we aim to create an Olympus-style, procedure-based Medical Business model for endotherapy devices and surgical energy devices. Key to the success of 16CSP will be utilizing this model as a driver of Companywide growth.



Strengthening Systems for Management on a Global and Groupwide Basis to Target Higher Levels

In 16CSP, we put forth the policy of sharing values and strategies on a global and Groupwide basis. As one facet of our efforts to develop critical systems for supporting this policy, we underwent a major organizational shift as we transitioned to a matrix style of business operation in April 2015 with the aim of better leveraging Companywide management resources. This transition signified the start of our operating the head office from a global perspective, part of becoming the truly global company we target. In other words, rather than simply reinforcing headquarters functions for domestic operations, we will globally strengthen headquarters functions to promote management on a global and Groupwide basis.

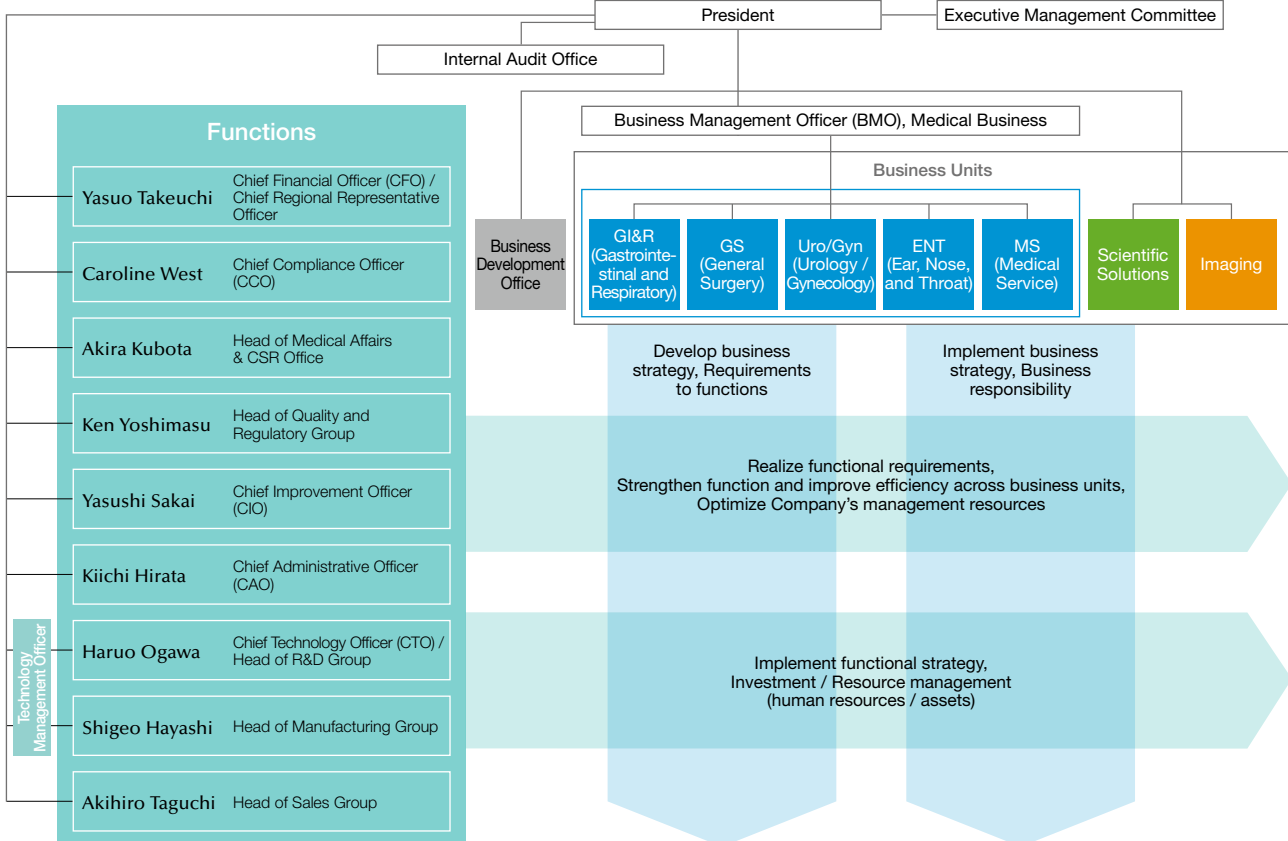
For example, in April 2016, we enhanced our compliance and legal affairs systems with the appointment of a new, global chief compliance officer (CCO). This individual is a lawyer from the United States with a rich background in compliance as it pertains to overseas pharmaceutical companies and biologics manufacturers. In addition, we welcomed a new division manager for the Legal Affairs Division who has a strong track record in the legal affairs division of Olympus Corporation of the Americas (OCA), a North American base.

The Medical Business forms a central pillar supporting the Olympus Group's growth. In expanding this business, however,

it is not sufficient to merely respond to the regulatory requirements of today; we must strengthen systems in consideration of the requirements that may be instituted 10 years from now. Having reached a settlement with regard to the incident leading to investigations by the U.S. Department of Justice, we have pushed forward with reinforcements to compliance divisions at OCA and throughout the Group, creating a system that will prevent the recurrence of such incidents by instituting stricter internal regulations and standards. However, as the Medical Business is central to the Group's operations, we are aware of the fact that we will need to further strengthen compliance systems for our business processes going forward. The level of compliance that will be expected of Olympus as a global company is even higher than the level we have previously been held to. We will therefore continue reinforcing corporate governance and compliance systems on a global scale to ensure that these systems are up to the required level.

To help oversee these efforts, we appointed a chief improvement officer, or CIO, to serve alongside the chief financial officer (CFO) and the chief administrative officer (CAO). The CIO will be positioned as the top authority regarding IT and other process reforms, placing this officer in the role of helping the Company pursue further business efficiency improvements, which is one of the priority strategies of 16CSP.

Matrix Organizational Structure That Maximizes Use of Corporate Resources by Interconnecting Businesses and Functions



The pursuit of efficiency is an important and never-ending endeavor for companies, and one in which we cannot expect results overnight. Nevertheless, we will remain diligent as we drastically review processes on a global basis, aggressively working toward higher business efficiency and productivity

and targeting the development of strong business infrastructure and low-cost structures for supporting management. Such reforms will not be easy, and some sacrifices will be required, but our resolve is strong; we will persevere and climb to higher pinnacles of corporate value.

Building the Foundations for the Next 100 Years Today

In 2019, the fourth year of 16CSP, we will celebrate the 100th anniversary of the Company's founding. By advancing 16CSP, I hope we can further hone the product creation capabilities and strengths as a "Business to Specialist" Company that we have forged over our 100-year history. With this plan, we have taken our first step toward building the systems suited to a global medical equipment manufacturer and foundations for ongoing growth that will carry over to the 100 years beyond this anniversary.

As a global medical equipment manufacturer, the expectations levied at Olympus will include the ongoing reinforcement of business foundations, such as through the enhancement of corporate governance and compliance systems. At the same time, people will also look on us to contribute to society by breeding social value through our business activities, or, in other words, our product creation initiatives. In addition, it goes without saying that investors will expect returns that are suitable for a global medical equipment manufacturer. Striving to always live up to the high expectations of various stakeholders, we will continue to reinforce our foundations, never letting our pride get in the way, as we pursue ongoing growth.

Today's operating environment is changing at breakneck speed. As such, it is crucial for both the Company and its employees to be capable of responding to the constantly changing environment. While Olympus cannot be said to have sufficient diversity at the moment, we envision an organization that is able to assemble a diverse range of people, with different

countries, genders, upbringings, and cultures, and combine their various strengths as an organization that is able to respond to change. Based on this belief, Olympus defines the corporate culture emphasized in advancing business activities under 16CSP as being characterized by diversity and teamwork, a willingness to take on challenges, a sense of speed, broad perspective, and adherence to high ethical standards. Always aware of these five characteristics, employees across the globe will align themselves along the same vector, committed to prevailing as a team and acting quickly to give form to the concept of a united One Olympus.

