

February 1, 2018

Statement Regarding News Reports about Olympus and One of Its Subsidiaries

Some news media have reported recently that Olympus (Shenzhen) Industrial Ltd. (OSZ), an Olympus subsidiary company based in China, is suspected of having made an illicit payment through a retained consultant in order to resolve a tax issue between the subsidiary and customs authorities in Shenzhen, China. There is nothing new in substance in these reports. As described below, the OSZ allegations were fully investigated by internationally recognized law firms, and the report on the investigation was made to authorities in the US and China more than two years ago.

As disclosed in the statement on June 27, 2016, in February 2015, Olympus' Board of Directors created a Special Committee of outside directors and outside lawyers to investigate allegations regarding potential bribery by the OSZ consultant. The Special Committee hired two well regarded law firms to investigate the allegations. The Special Committee found no direct evidence of bribery and, in 2015, Olympus voluntarily made report of the investigation to the U.S. Department of Justice, and local Chinese authorities. The Olympus Special Committee recommended compliance enhancements and employee discipline, all of which were implemented. Following its report to the authorities, Olympus also strengthened its internal controls and made substantial changes to its Global Compliance Program.

In April 2017, after an employee suggested that the original investigation had been inadequate, Olympus hired a new internationally recognized law firm that was not involved in the initial investigation to review the initial inquiry. This third law firm thoroughly reviewed the conclusion and methods of the initial investigation, and determined they were appropriate.

Furthermore, in response to an assertion by a member of the legal team of Olympus that the reexamination itself had been improper, Olympus commissioned another reexamination in collaboration with outside lawyers in December 2017, which concluded that the assertion was unsubstantiated and had no basis.

Although some media have reported that some documents issued by certain law firms indicate that an illicit payment may have been made, some of these documents were duly examined during the investigation by the Special Committee and the others were found not to have revealed any new fact or raised any other new points on the results of the investigation by the Special Committee.

Olympus also emphasizes that contrary to some media reports suggesting that Olympus unfairly transferred an employee in connection with this matter, the transfer was an ordinary personnel redeployment based on business needs and had nothing to do with this matter. Also, some news articles have reported that the member of the legal team of Olympus, who had claimed that the transfer was invalid, was prohibited to use inter-office email. It is important to note, however, that the prohibition was carried out due to that employee's inappropriate use of inter-office email despite receiving repeated notices from the company to desist, so the action taken by Olympus was legitimate.