To Shareholders

Internet Disclosure for Notice Regarding the Convocation of the General Meeting of Shareholders For the 146th Term

I. Basic Policy on Control of Company
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June 4, 2014

OLYMPUS CORPORATION

Pursuant to applicable laws and regulations, and the provisions of the Articles of Incorporation of Olympus Corporation (the "Company"), the items listed above are deemed to have been provided to shareholders because they have been posted on the Company's website (http://www.olympus.co.jp/jp/ir/stock/meeting/).

I. Basic Policy on Control of Company

1. Summary of basic policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company will not indiscriminately reject a large-scale acquisition of the Company's shares if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders. The Company also believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a transfer of corporate control of a joint stock company.

Nonetheless, there are some forms of corporate acquisition that benefits neither the corporate value of the target company nor, in turn, the common interests of its shareholders. Unless a person who would make a large-scale acquisition of the Company's shares understands the source of the Company's corporate value and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed. The Company believes that persons who would make a large-scale acquisition of the Company's shares in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders would be inappropriate to become persons who would control decisions on the Company's financial and business policies. The Company also believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking the necessary and reasonable countermeasures against a large-scale acquisition of the Company's shares by such persons.

2. Measures for realization of basic policies

(1) Summary of special measures for the realization of basic policies

The Company, through its new management formed on April 20, 2012, announced on June 8, 2012 its new medium-term vision for the five years from fiscal year ended March 2013. This vision is based on the three management policies under the new management: "Return to Basics," "One Olympus", and "Profitable Growth." Based on the these management policies, we are implementing the following four basic strategies to rebuild Olympus and create new corporate value: (i) rebuilding of the business portfolio and optimal allocation of management resources, (ii) review of cost structures, (iii) restoration of financial health, and (iv) restructuring of governance. Also, through the business and capital alliance with Sony Corporation announced on September 28, 2012, we aim to improve our financial base and enhance our corporate value by integrating the strengths of both companies and through joint operation in medical business and digital camera business.

Due to occurrence of series of problems involving deferral of posting of losses at the Company, in order to prevent recurrence of misconducts, under the supervision of the new management formed on

April 20, 2012, we are solidly implementing measures to prevent recurrence compiled by the working team with advice from the Management Reform Committee comprised of outside experts, and are continuously working to strengthen corporate governance, organize internal control system and review compliance.

(2) Summary of measures to prevent control of financial and business policy decisions by inappropriate parties from the perspective of basic policies

(i) The Company renewed the plan for the former countermeasures to large-scale acquisitions of the shares in the Company (takeover defense measures) (the "Plan") by resolution of the 145th Ordinary General Meeting of Shareholders held on June 26, 2013.

(ii) Details of the Plan

The purpose of the Plan is to prevent decisions on the Company's financial and business policies from being controlled by persons who would propose a large-scale acquisition of the Company's shares in a manner that does not contribute to the corporate value of the Company and, in turn, the common interests of its shareholders, to deter large-scale acquisitions of the Company's shares that are detrimental to the corporate value of the Company and, in turn, the common interests of its shareholders, and on the occasion that it receives a proposal from an acquirer for large-scale acquisition of the Company's shares, to ensure the necessary time and information for shareholders to decide whether or not to accept the large-scale acquisition proposal or for the Company's Board of Directors to present an alternative proposal to the shareholders, or to enable the Board of Directors to negotiate for the benefit of the shareholders.

The Plan will be applied in cases where any purchase or other acquisition of share certificates, etc. of the Company that falls under (i) a purchase or other acquisition that would result in the holding ratio of share certificates, etc. *(kabuken tou hoyuu wariai)* of a holder (*hoyuusha*) totaling at least 20% of the share certificates, etc. (*kabuken tou*) issued by the Company; or (ii) a tender offer (*koukai kaitsuke*) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. (*kabuken tou shoyuu wariai*) and the ownership ratio of share certificates, etc. of a person having a special relationship (*tokubetsu kankei-sha*) totaling at least 20% of the share certificates, etc. (*kabuken tou*) issued by the Company, or any similar action, or a proposal for such action (except for such action as the Company's Board of Directors separately determines not to be subject to the Plan; the "Acquisition") will take place. The party effecting the Acquisition (the "Acquirer") shall follow the procedures prescribed in the Plan.

(iii) Procedures and Triggering Requirements of the Plan

The Acquirer is required to provide the Board of Directors with a document which includes an undertaking that the Acquirer will comply with the procedures set out in the Plan in the form separately prescribed by the Company and a document containing specific information necessary for shareholders to make decisions (the "Acquisition Document") in a form designated by the Company, before commencing or effecting the Acquisition. Upon receiving the Acquisition Document, the Board of Directors will send the document to the Special Committee composed of members including Outside Directors.

The Special Committee will consider the acquisition terms including information provided by the Acquirer and the Board of Directors, collect information on materials such as the management plans and business plans of the Acquirer and the Board of Directors for comparison, and consider any alternative plans presented by the Company's Board of Directors. Further, it will discuss with the Acquirer or conduct any similar action. The Special Committee may, at the Company's expense, obtain the advice of an independent third party. If the Special Committee determines that any particular trigger event has occurred, such as a case where the Acquisition by the Acquirer is not in compliance with the procedures prescribed in the Plan, or where the Acquisition threatens to cause obvious harm to the corporate value of the Company and, in turn, the common interests of its shareholders and it is reasonable to implement the gratis allotment of stock acquisition rights, the Special Committee will recommend the Board of Directors to trigger the Plan through the gratis allotment of stock acquisition rights, except in certain specific cases. The Special Committee may recommend implementation of the gratis allotment of stock acquisition rights subject to obtaining approval at the general meeting of shareholders in advance, and the Board of Directors may convene a general meeting of shareholders and confirm the intent of the Company's shareholders regarding this issue.

The Board of Directors will make a resolution relating to the implementation or non-implementation of a gratis allotment of stock acquisition rights respecting to the maximum extent any recommendation by the Special Committee described above. If the general meeting of shareholders described above is convened, the Board of Directors will comply with any resolution passed by shareholders.

The stock acquisition rights to be allotted to our shareholders under the Plan are exercised to obtain one share of common stock per stock acquisition right, in principle, by paying the amount decided by the Board of Directors within the range of a minimum of one (1) yen and the maximum of the amount equivalent to one-half of the market value of one share in the Company. Furthermore, exercise conditions whereby the non-qualified party may not exercise stock acquisition rights (except if an exceptional event occurs), and provisions for acquisition whereby the Company will acquire one stock acquisition right that has not been exercised from parties other than the non-qualified party in exchange for one share in the Company have been provided.

The effective period of the Plan is, in principle, until the conclusion of the ordinary general meeting of shareholders relating to the last fiscal year ending within one year of the conclusion of the 145th Ordinary General Meeting of Shareholders held on June 26, 2013.

(3) Board of Directors' views on measure in (2) above and reasons thereof

The Plan was introduced to ensure and enhance the corporate value of the Company and, in turn, the common interests of its shareholders in accordance with the basic policy. The Company primarily introduced the Plan to assure fairness and objectivity on the condition that: (i) it is subject to approval at a general meeting of shareholders; (ii) it is based on a system to confirm the intent of the Company's shareholders regarding the triggering of the Plan in some cases; (iii) the effective period thereof is to be one year and the Plan may be abolished at any time by a resolution at a general meeting of shareholders or by the Board of Directors; (iv) the Special Committee composed of members including Outside Directors has been established as an organization independent of the management of the Company and the Plan must never be triggered without a decision of the Special Committee; (v) the Special Committee may, at the Company's expense, obtain the advice of an independent third party; and, (vi) reasonable and objective requirements regarding the triggering thereof are established. Accordingly, the purpose of the Plan is not to maintain the position of the Company's Directors and Audit & Supervisory Board Members, but to contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

II. Notes to Consolidated Financial Statements

Important Items That Form the Basis for Preparing the Consolidated Financial Statements

1. Scope of consolidation
   (1) Status of consolidated subsidiaries
   Number of consolidated subsidiaries: 153
   Names of principal consolidated subsidiaries:
   Olympus Medical Systems Corp., Olympus Imaging Corp., Olympus Corporation of the Americas, Olympus Europa Holding SE and Olympus Corporation of Asia Pacific Limited
   Change in scope of consolidation
   Newly added consolidated subsidiaries: 3
   Olympus KeyMed International Ltd. and another company are newly established subsidiaries during the current fiscal year.
   Olympus Europa Management SE has been included into consolidation through equity participation carried out during the current fiscal year.

   Excluded companies: 17
   Olympus Consilio Sp.zo.o., Ai-medic Co., Ltd. and 7 other companies have been excluded from consolidated subsidiaries due to sale of shares during the current fiscal year
   Olympus Endo Technology America Inc. and 4 other companies have been excluded from consolidated subsidiaries due to merger with other consolidated subsidiaries during the current fiscal year.
   Impress Development K.K. and 2 other companies have been excluded from consolidated subsidiaries due to liquidation during the current fiscal year.

   (2) Status of non-consolidated subsidiaries
   Names of principal non-consolidated subsidiaries:
   Olympus-Supportmate Corp. and another company

   The 2 non-consolidated subsidiaries are all small and not material when measured by the impact of total amounts of assets, net sales, net income, and retained earnings (based on the Company's ownership percentage) of those companies on consolidated financial statements. They have therefore been excluded from the scope of consolidation.

2. Application of the equity method

(1) Status of affiliated companies accounted for under the equity method

Number of affiliated companies accounted for under the equity method: 4

Names of principal affiliated companies:

Adachi Co., Ltd., Olympus Opto Systems India Private Limited, OLYMPUS-RMS CORP. and Sony Olympus Medical Solutions Inc.

Change in scope of application of the equity method

Newly added company: 2

OLYMPUS-RMS CORP. has been included into affiliated companies accounted for under the equity method due to an increase in materiality during the current fiscal year.

Sony Olympus Medical Solutions Inc. has been included into affiliated companies accounted for under the equity method due to its establishment as a joint venture of the Company and Sony Corporation during the current fiscal year.

Excluded companies: 1

Olympus Cytori Inc. has been excluded from affiliated companies accounted for under the equity method due to sale of shares during the current fiscal year.

(2) Olympus-Supportmate Corp. and another non-consolidated subsidiary and 1 affiliated company have not been accounted for under the equity method because the impact of all those companies on consolidated net income and retained earnings is not material.

3. Items concerning accounting principles

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Other securities	
Items with market value	Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
Items without market value	Cost method based on the moving-average method Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

(b) Claims and liabilities from derivatives transactions

Market value method

(c) Inventories: Mainly reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

(2) Depreciation and amortization method for important depreciated and amortized assets

(a) Property, plant and equipment (excluding lease assets)

Mainly by the declining balance method

Vehicles, tools and fixtures: Mainly based on useful lives as per the Corporate Tax Law

Other property, plant and equipment: Mainly based on useful lives prescribed by the Company, determined in accordance with estimated functional useful years

(b) Intangible assets (excluding lease assets)

Straight-line method

Mainly based on estimated useful lives

Software for internal use is reported using the usable period within the Company (3 to 5 years).

(c) Lease assets

Finance lease assets not involving the transfer of ownership

Lease assets are calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.

The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced on or before March 31, 2008 follows the same method as for ordinary operating lease transactions.

(3) Accounting method for important allowances and reserves

(a) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(b) Provision for product warranties

Due to the accounting of after service cost expected within the guarantee period with respect to products sold, the provision for product warranties is accounted using prescribed standards based on actually incurred past after service cost.

(c) Provision for retirement benefits for directors and audit & supervisory board members

To provide for retirement benefit payments for directors and audit & supervisory board members, the necessary payment amount at the end of the fiscal year is accounted by domestic consolidated subsidiaries based on their respective internal regulations.

(d) Provision for loss on business liquidation

To provide for losses arising from the business liquidation to be carried out by the Group, the expected amount of these losses is accounted.

(e) Provision for loss on litigation

To provide for losses related to lawsuits and the like, in light of the progress of lawsuits, the expected amount of these losses is accounted based on a reasonable estimate of the amount deemed necessary.

(4) Other important items that form the basis for preparing consolidated financial statements

(a) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense

Total expense recorded at the time of occurrence

(b) Accounting principles for net defined benefit liability

To provide for retirement benefit payments to employees, the difference between projected benefit obligation and plan assets is recorded as "net defined benefit liability," based on the projected benefit obligation and plan assets as of the end of the current fiscal year.

Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities, is accounted as an expense.

Pertaining to the actuarial gain or loss, the pro-rata amount calculated using a fixed number of years (mainly 5 years) within the average remaining service period of employees at the time of occurrence of such actuarial gain or loss is accounted as an expense starting from the following fiscal year.

Unrecognized actuarial gain or loss and unrecognized past service costs are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section, after adjusting for tax effects.

(c) Accounting principles for income and costs

Accounting principles for income involving finance lease transactions

Income involving finance lease transactions mainly follows a method of accounting net sales and cost of sales on the commencement date of the lease transaction

(d) Important hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated monetary claims and liabilities under foreign exchange forward contracts are accounted by translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, a special treatment is used for those whose requirements for special treatment are satisfied.

Hedging instruments and hedged items

Hedging instruments	Foreign exchange forward contracts, currency option contracts, currency swap contracts, interest rate swap contracts
Hedged items	Forecasted transactions for foreign currency-denominated monetary claims and liabilities, borrowings

Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(e) Amortization of goodwill and amortization period

Goodwill is amortized equally mainly over a period of 5 to 20 years.

(f) Treatment of consumption taxes

Treated using the tax exclusive method.

(g) Application of the consolidated tax payment system

The consolidated tax payment system designating Olympus Corporation as the parent company is adopted at the Company and some of its consolidated subsidiaries.

Notes to Changes in accounting policy

1. Appication of accounting standard for retirement benefits, etc.

   Effective from the fiscal year under review, the Company adopted the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; hereinafter "Retirement Benefit Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; hereinafter "Retirement Benefit Application Guidance"), except for the provisions of the main clauses of Paragraph 35 of the Retirement Benefit Accounting Standard and Paragraph 67 of the Retirement Benefit Application Guidance. Accordingly, the Company has changed its accounting policy to one that recognizes the difference between projected benefit obligation and plan assets as "net defined benefit asset" and recorded unrecognized actuarial gain or loss and unrecognized past service costs under "net defined benefit liability." In the event that the amount of plan assets exceeds the amount of projected benefit obligation, the amount is recorded in "net defined benefit asset."

   Adoption of the Retirement Benefit Accounting Standard, etc. is in line with the transitional measures provided in Paragraph 37 of the Retirement Benefit Accounting Standard. In accordance with such measures, the effect of the change has been added to or deducted from "remeasurements of defined benefit plans" under "accumulated other comprehensive income" as of the end of the fiscal year under review.

   As a result, as of the end of the fiscal year under review, the Company recorded "net defined benefit asset" of ¥28,217 million and "net defined benefit liability" of ¥27,291 million. Together with an increase in "accumulated other comprehensive income" of ¥2,665 million, net assets per share for the fiscal year under review increased by ¥7.79.

   The amount separately presented as "pension liability adjustment of foreign subsidiaries" in previous fiscal years is now included in "remeasurements of defined benefit plans," following the adoption of the Retirement Benefit Accounting Standard, etc.

2. Application of IAS No. 19 "Employee Benefits"

   In line with the application of IAS No. 19, "Employee Benefits" (revised on June 16, 2011) for fiscal years starting on or after January 1, 2013, effective from the fiscal year under review, at certain overseas subsidiaries this accounting standard has been applied and the method of recognizing actuarial gain or loss has been changed.

   This change in accounting policy has been applied retrospectively and the cumulative effect of this change in accounting policy has been reflected in the book amount of net assets as of April 1, 2013. The impact of this retrospective application is immaterial.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and obligations secured by such collateral

(1) Assets pledged as collateral

Lease receivables and lease investment assets	¥8,393 million
Other assets under Investments and other assets	¥5,081 million
Total	¥13,474 million

(2) Obligations secured by such collateral

Short-term borrowings	¥8,393 million
Long-term borrowings, less current maturities	¥5,081 million
Total	¥13,474 million

2. Accumulated depreciation for property, plant and equipment

¥265,113 million

3. Liabilities for guarantees

(Guaranteed party)	(Description of guarantee)	(Amount)
Sony Olympus Medical Solutions Inc.	Bank loans	¥843 million
Employees	Housing fund loans, etc.	¥65 million
Total		¥908 million

4. Contingent liabilities related to lawsuits

As a result of inappropriate financial reporting by the Company, holders of its shares, etc. have filed lawsuits against the Company. The Company has recorded provision for loss on litigation for a portion of these lawsuits in light of their progress, and there is a possibility that the recording of provisions and the like due to other lawsuits may have an impact on the Company's consolidated results, depending on future developments pertaining to those lawsuits. It is therefore not possible to make a reasonable estimate of this impact at present. The lawsuits for which provision for loss on litigation was recorded as of March 31, 2014, are a lawsuit filed in relation to complaints by the Teachers' Retirement System of the State of Illinois and others on June 28, 2012, and a lawsuit filed in relation to complaints by the California State Teachers' Retirement System and others on June 27, 2013.

5. Notes receivable discounted ¥331 million
(including discounted bills of exchange for export) ¥331 million

6. Allowance for doubtful accounts

¥7,211 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥7,211 million of long-term accounts receivable-other that is commission fees related to Receiver Funds, and included as an excess amount in "other assets" under investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, the Company plans to request payment from these external partners of Receiver Funds because the fees were not agreed.

Notes to Consolidated Statement of Changes in Net Assets

Class and total number of issued shares at the end of the current fiscal year

Common stock 342,671,508 shares

The issued shares of common stock at the end of the current fiscal year increased by 37,000,000 as a result of the issuance of shares through public offering (offering through a book building method).

Notes to Financial Instruments

1. Items concerning status of financial instruments

   With regard to fund management, the Olympus Group primarily uses short-term deposits. For financing, it uses loans from bank and other financial institutions and bond issuances.

   Notes and accounts receivable, which are exposed to customer credit risks, are hedged based on internal regulations. Further, market prices of investment securities are checked on a quarterly basis.

   We use loans to fund working capital (mainly, short-term) and business investments (long-term). We hedge interest rate fluctuation risks using interest rate swaps for some long-term borrowings. Our policy for derivatives is to use them based only on actual demand, in accordance with internal regulations.

2. Items concerning fair value of financial instruments

   Consolidated balance sheet amounts and fair value as of March 31, 2014 (consolidated balance sheet date for the current fiscal year), and their variances, of financial instruments are as follows. However, financial instruments that have low materiality and whose fair value is deemed to be extremely difficult to compute are not included (please refer to Note 2).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Variance
(1) Cash and time deposits	252,121	252,121	–
(2) Notes and accounts receivable	132,233	132,233	–
(3) Investment securities	51,070	51,070	–
Total assets	435,424	435,424	–
(4) Notes and accounts payable	45,409	45,409	–
(5) Short-term borrowings	16,966	16,966	–
(6) Bonds (including current maturities of bonds)	55,000	56,325	1,325
(7) Long-term borrowings, less current maturities (including current maturities of long-term borrowings)	343,865	353,494	9,629
Total liabilities	461,240	472,194	10,954
(8) Derivatives	(115)	(115)	–

* Net receivables and payables arising from derivative transactions are shown in net amounts. Figures in parentheses are posted to liabilities.

Note 1: Items concerning the method of computing the fair value of financial instruments

(1) Cash and time deposits, and (2) Notes and accounts receivable
Because these accounts are settled in a short period, their fair value is nearly equal to their book value. Therefore, book value is taken to be fair value.

(3) Investment securities
The fair value of stocks is the price on the relevant stock exchange, while that of bonds and investment trusts is the price on the relevant stock exchange or price presented by financial institutions with which the Company does business.

(4) Notes and accounts payable, and (5) Short-term borrowings
Because these accounts are settled in a short period, their fair values are nearly equal to their book values. Therefore, book value is taken to be fair value.

(6) Bonds
The fair value of bonds issued by the Company is its present value at which the sum of principals is calculated at the rate obtained in consideration of the remaining periods of bonds and credit risks.

(7) Long-term borrowings, less current maturities
The fair value is the value at which the sum of principal and interest is discounted at the rate obtained assuming that a similar loan is newly provided. Long-term borrowings with variable interest rates are subject to special treatment of interest rate swaps (refer to Item (8)). The fair value of such borrowings is the value at which the sum of principal and interest, which are treated in combination with the said interest rate swap, is discounted at a reasonable rate estimated for a similar new loan.

(8) Derivatives
The fair value of a derivative is the price presented by financial institutions with which the Company does business and entered into an agreement.
Derivatives that are subject to special treatment of interest rate swaps and are translated at a foreign exchange rate to foreign currency-denominated accounts receivable are treated together with hedged items, and the fair value of such derivatives is therefore included in the fair value of the hedged items.

Note 2: Financial instruments whose fair values are deemed to be extremely difficult to compute

(Millions of yen)

Classification	Consolidated balance sheet amount
(1) Unlisted shares	442
(2) Other	2,153
Total	2,595

These items do not have market prices and a considerable cost is likely to be incurred to estimate future cash flow. They are not therefore included in “(3) Investment securities” because it is deemed to be extremely difficult to compute their fair value.

Notes to Per-Share Information

1. Net assets per share ¥962.83
2. Net income per share ¥41.05

Notes to Significant Subsequent Events

1. Filing of lawsuit against the Company

The Company had a lawsuit filed against it. The overview of the lawsuit is as follows.

(1) Date of filing

April 7, 2014

(2) Name of plaintiff

Mitsubishi UFJ Trust and Banking Corporation
The Master Trust Bank of Japan, Ltd.
Japan Trustee Services Bank, Ltd.
Trust & Custody Services Bank, Ltd.
The Nomura Trust and Banking Co., Ltd.
State Street Trust and Banking Co., Ltd.

(3) Details of the lawsuit and amount of claim

A total of six banks including Mitsubishi UFJ Trust and Banking Corporation and five trust banks filed a lawsuit against the Company seeking compensation for damages in the total amount of ¥27,915 million pursuant to Articles 709 and 715 of the Civil Code, Article 350 of the Company Law and Article 21-2 of the Financial Instruments and Exchange Act, resulting from the Company's false statements for the purpose of deferring record of losses in the Annual Securities Reports, Semi-Annual Reports and Quarterly Reports for the periods from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012.

The amount of the total claims for compensation includes ¥27,915 million and the interest accrued to the damages incurred relating to each of the shares at the rate of 5% per annum for the period from the day immediately following the share acquisition trade date of each of the shares that incurred losses up to the payment of the incurred losses of the shares.

(4) Future outlook

The lawsuit's effect on the financial results of the Company is not clear since it is difficult to calculate its financial impact at this stage.

2. Reduction in legal capital surplus and legal reserve and appropriation of surplus

The Company made a resolution at a meeting of its Board of Directors held on May 9, 2014 to place the matter of reduction in legal capital surplus and legal reserve, and appropriation of surplus as a matter to be resolved at the 146th Ordinary General Meeting of Shareholders to be held on June 26, 2014.

(1) Purpose of reduction in legal capital surplus and legal reserve, and appropriation of surplus

The Company recorded a deficit in retained earnings carried forward of ¥49,435,478,406 in the non-consolidated financial statements for the fiscal year ended March 31, 2014. To make up for the deficit and secure the flexibility and agility of future capital policy, pursuant to the provisions of Article 448, Paragraph 1 of the Company Law, the Company shall reduce the amount of its legal capital surplus and transfer the same amount to other capital surplus, and it shall reduce the amount of legal reserve and transfer the same amount to retained earnings carried forward. Moreover, pursuant to the provisions of Article 452 of the Company Law, the Company shall transfer the amount of other capital surplus to retained earnings carried forward.

(2) Outline of reduction in legal capital surplus and legal reserve

i) Outline of reduction of amounts of legal capital surplus and legal reserve

Legal capital surplus	¥8,275,923,138 out of ¥99,216,032,696
Legal reserve	Full amount of ¥6,626,182,483

ii) Line items to be increased and respective increase amounts

Other capital surplus	¥8,275,923,138
Retained earnings carried forward	¥6,626,182,483

(3) Outline of appropriation of surplus

i) Line item to be reduced and reduction amount

Other capital surplus	Full amount of ¥40,931,170,614

ii) Line item to be increased and increase amount

Retained earnings carried forward	¥40,931,170,614

(4) Schedule for the reduction in legal capital surplus

i)	Date of resolution of Board of Directors	May 9, 2014 (Friday)
ii)	Date of resolution of General Meeting of Shareholders	June 26, 2014 (Thursday) (Planned)
iii)	Effective date	June 30, 2014 (Monday) (Planned)

As this matter applies to the requirements of the proviso of Article 449, Paragraph 1 of the Company Law, the procedure for the statement of objection of creditors shall not arise.

(5) Future outlook

As this matter involves a transfer of accounts inside the "net assets" section, there is no change to the net assets total. Accordingly, this matter will not affect the operating results of the Company.

Other Notes

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) remains ongoing. The consolidated financial statements may be corrected if any further important information comes to light in such investigations in the future.

As a result of inappropriate financial reporting by the Company, holders of its shares, etc. have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company in the future for a similar reason. The effect of these events on the financial results of the Company is not clear since it is difficult to estimate its financial impact at this stage.

Concerning investigations by domestic investigative authorities, supervisory bodies and other public bodies, in a case that was pending in the Tokyo District Court where the Company was accused of being in violation of the Securities and Exchange Act and the Financial Instruments and Exchange Act, the Company was fined ¥700 million on July 3, 2013 (prosecution's demand: ¥1,000 million). The judgment for the case was settled after the lapse of the period allowed for appeal and the case was closed upon payment of the fine.

The Company recorded these fines under extraordinary losses in the Consolidated statement of income as "penalty charges."

In addition, concerning the Company's postponing of recognition of losses mentioned above, the investigation by the UK Serious Fraud Office that had been ongoing is now complete and on September 3, 2013, prosecution was brought against the Company and its subsidiary Gyrus Group Limited ("GGL") on charges of breaching Section 501 of the UK Companies Act of 2006 in relation to the explanation made to the auditors of GGL subsidiaries concerning the documents related to GGL's financial accounts. The trial of this case is currently ongoing in the UK courts.

The prosecution's effect on the financial results of the Olympus Group is not clear since it is difficult to calculate its financial impact at this stage.

2. Settlement of lawsuit

Although a lawsuit had been filed against the Company, as a result of comprehensive examination of the of the progress of the action, details of the matter, and potential legal costs that would arise if the lawsuit were to be continued, the Company decided that swiftly resolving the matters through settlement would be the best approach. As a result, a court settlement was reached on November 18, 2013.

(1) Date of filing

July 23, 2012

(2) Name, address and representative of plaintiff

1) Name: Terumo Corporation
2) Address: 44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo
3) Representative: Yutaro Shintaku, Representative Director

(3) Details of the lawsuit and amount of claim

The Company issued 6,811,000 shares, amounting to a total of ¥14,998 million, to Terumo Corporation through third party allotment, in accordance with the securities registration statement submitted on August 4, 2005.
Terumo Corporation claims, owing to the Company's past postponing of the recognition of losses, that false statements on important matters were contained in the securities registration statement when such third party allotment was made. Consequently, the lawsuit was filed to seek compensation for damage of ¥6,612 million, in accordance with Article 18, Paragraph 1 and Paragraph 2 of the former Securities and Exchange Act and Article 19, Paragraph 1 of the said Act, which are applied by replacing the terms pursuant to the provision of Article 23-2 of the said Act.
The amount of compensation for damage claimed consists 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.

(4) Name, address and representative of counterparty to settlement and gist of settlement

1) Name: Terumo Corporation
2) Address: 44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo
3) Representative: Yutaro Shintaku, Representative Director
4) Gist of settlement: The Company will pay Terumo Corporation ¥6 billion as settlement package and Terumo Corporation will dismiss its remaining claim against the Company.
Due to the settlement of this lawsuit in the fiscal year under review, the settlement package paid to Terumo Corporation was recorded as "settlement package" under extraordinary losses in the consolidated statement of income.

3. Impairment losses

Impairment losses are accounted for the following asset groups.

(Millions of yen)

Application	Type	Impairment loss
Other business assets	Buildings and structures	2,394
	Tools, furniture and fixtures	137
	Machinery and equipment	906
	Construction in progress	340
	Goodwill	174
	Long-term prepaid expenses	400
Idle assets	Buildings and structures	488
Assets scheduled for disposal	Software	32
Total		4,871

Business assets are grouped mainly by segment, assets scheduled for disposal are grouped as assets to be disposed of by abandonment, sale etc., and idle assets are presented individually.

For business assets whose recoverability is not recognized over the estimated future cash flow period due to changes in the business environment, and those whose recoverability is not recognized due to decision making on disposal owing to business withdrawal, their book value is reduced to the recoverable amount. The recoverable amount is measured according to the realizable value (fair value less costs to sell) or the value in use, whichever is the higher amount. Assessment of the realizable value is based on the appraisal value and assessment of the value in use is based on future cash flows.

Within assets scheduled for disposal, a decision has been made to discontinue an in-house system. As a result, the book value of these assets is considered to be zero (0).

III. Notes to Non-Consolidated Financial Statements

Notes Concerning Items Related to Important Accounting Policies

1. Asset valuation principles and methods
   (1) Securities
      (a) Held-to-maturity securities — Amortized cost method
      (b) Investment securities in subsidiaries and affiliates — Cost method based on the moving-average method
      (c) Other securities
         Items with market value — Market value method based on fair market value on the account settlement date (the net unrealized gains and losses on these securities are reported as a separate component of net assets, and the cost of sales is calculated by the moving-average method)
         Items without market value — Cost method based on the moving-average method
         Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

   (2) Claims and liabilities from derivatives transactions — Market value method

   (3) Inventories — Reported using the First-in First-out cost method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

2. Depreciation and amortization method for fixed assets
   (1) Property, plant and equipment (excluding lease assets) — Declining balance method
      (a) Vehicles, tools and fixtures — Based on useful lives as per the Corporate Tax Law
      (b) Other property, plant and equipment — Based on useful lives prescribed by the Company determined in accordance with estimated functional useful years

(2) Intangible assets (excluding lease assets)

Straight-line method
Based on useful lives as per the Corporate Tax Law
Software for internal use is reported using the usable period within the Company (3 years).

(3) Lease assets

Finance lease assets not involving the transfer of ownership

Calculated on the straight-line method over the lease period as the useful lives and assuming no residual value.
The accounting treatment for finance lease transactions not involving the transfer of ownership whose transaction commenced on or before March 31, 2008 follows the same method as for ordinary operating lease transactions.

3. Accounting principles for allowances and reserves

(1) Allowance for doubtful accounts

To provide for losses due to unrecoverable claims such as accounts receivable and loans receivable, ordinary claims are accounted using the historical loan loss ratio and doubtful and other specified claims are reported in amounts expected to be unrecoverable considering the recoverability of each claim separately.

(2) Provision for product warranties

Due to the accounting of after service cost expected within the Company's guarantee period with respect to products sold, the provision for product warranties is accounted using the prescribed Company's standards based on actually incurred past after service cost.

(3) Provision for retirement benefits

To provide for retirement benefit payments to employees, the cost recognized as occurring at the end of the current fiscal year is accounted based on the projected benefit obligation and plan assets as of the end of the current fiscal year.
Pertaining to past service liabilities, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such past service liabilities is accounted as an expense.
Pertaining to the actuarial gain or loss, the pro-rata amount calculated using a fixed number of years (5 years) within the average remaining service period of employees at the time of occurrence of such actuarial gain or loss is accounted as an expense starting from the following fiscal year.

(4) Provision for loss on business liquidation

To provide for losses arising from the business liquidation to be carried out by certain subsidiaries of the Company, the expected amount of these losses is accounted.

(5) Provision for loss on litigation

To provide for losses related to lawsuits and the like, in light of progress of lawsuits, the expected amount of these losses is accounted based on a reasonable estimate of the amount deemed necessary.

4. Other important items that form the basis for preparing non-consolidated financial statements

(1) Treatment method for important deferred assets

Stock issuance expense and bond issuance expense

Total expense recorded at the time of occurrence

(2) Hedge accounting methods

(a) Hedge accounting methods

The deferred hedge treatment method is used. Foreign currency-denominated accounts receivable under foreign exchange forward contracts are accounted for upon translation at the foreign exchange rate stipulated in the contracts. Pertaining to interest rate swaps, requirements for special treatment are satisfied, therefore a special treatment is used.

(b) Hedging instruments and hedged items

· Hedging instruments	Foreign exchange forward contracts, interest rate swap contracts
· Hedged items	Forecasted transactions for foreign currency-denominated accounts receivable, borrowings

(c) Hedging policy

Foreign exchange rate fluctuation risk and interest rate fluctuation risk are hedged based on internal regulations that stipulate authorization relating to derivatives and transaction limits.

(d) Hedging effect evaluation method

The effect is evaluated by checking whether there exists a high correlation among the value fluctuations of hedged items, the cash flow and hedging instruments.

(3) Treatment of consumption taxes

Treated using the tax exclusive method.

(4) Application of the consolidated tax payment system

The consolidated tax payment system is adopted.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment ¥70,604 million
2. Liabilities for guarantees ¥5,646 million

   The above amount includes ¥5,581 million in contracted guarantees to subsidiaries and affiliates.
3. Contingent liabilities related to lawsuits

   As a result of inappropriate financial reporting by the Company, holders of its shares, etc. have filed lawsuits against the Company. The Company has recorded provision for loss on litigation for a portion of these lawsuits in light of their progress, and there is a possibility that the recording of provisions and the like due to other lawsuits may have an impact on the Company’s results, depending on future developments pertaining to those lawsuits. It is therefore not possible to make a reasonable estimate of this impact at present.

The lawsuits for which provision for loss on litigation was recorded as of March 31, 2014, are a lawsuit filed in relation to complaints by the Teachers' Retirement System of the State of Illinois and others on June 28, 2012, and a lawsuit filed in relation to complaints by the California State Teachers' Retirement System and others on June 27, 2013.

4. Short-term monetary claims to subsidiaries and affiliates	¥51,033 million
5. Long-term monetary claims to subsidiaries and affiliates	¥19,863 million
6. Short-term monetary liabilities to subsidiaries and affiliates	¥40,283 million
7. Discounted bills of exchange for export	¥199 million

8. Allowance for doubtful accounts

¥7,211 million of allowance for doubtful accounts is the amount expected to be unrecoverable with respect to ¥7,211 million of long-term accounts receivable-other that is commission fees related to Receiver Funds, and included as an excess amount in "other assets" under investments and other assets. Although these fees were paid to the external partners of multiple Receiver Funds, the Company plans to request payment from these external partners of Receiver Funds because the fees were not agreed.

Notes to Non-Consolidated Statement of Income

Total transactions with subsidiaries and affiliates	
Amounts resulting from business transactions	
Net sales	¥66,228 million
Net purchases	¥23,080 million
Other business transactions	¥10,061 million
Amount resulting from non-business transactions	¥31,030 million

Notes to Non-Consolidated Statement of Changes in Net Assets

1. Class and total number of issued shares at the end of the current fiscal year

   Common stock 342,671,508 shares

   The issued shares of common stock at the end of the current fiscal year increased by 37,000,000 as a result of the issuance of shares through public offering (offering through a book building method).

2. Class and total number of treasury shares at the end of the current fiscal year

   Common stock 431,063 shares

   Treasury share of common stock at the end of the current fiscal year decreased by 3,994,719 as a result of the disposal of treasury stock through public offering (offering through a book building method) and the purchase of shares constituting less than one unit.

Notes to Tax Effect Accounting

1. Breakdown of deferred tax assets and liabilities by main cause

Deferred tax assets	
Inventories	¥947 million
Prepaid expenses	¥2,244 million
Accrued bonuses	¥1,458 million
Fixed assets	¥5,921 million
Investment securities	¥4,984 million
Investment securities in subsidiaries and affiliates	¥22,566 million
Provision of allowance for doubtful accounts	¥6,619 million
Provision for loss on litigation	¥3,920 million
Other	¥3,657 million
Loss brought forward	¥42,043 million
Subtotal of deferred tax assets	¥94,359 million
Valuation allowance	¥(81,894) million
Total deferred tax assets	¥ 12,465 million
Deferred tax liabilities	
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	¥(3,832) million
Reserve for advanced depreciation	¥(991) million
Prepaid pension expenses	¥(1,663) million
Other	¥(212) million
Total deferred tax liabilities	¥(6,698) million
Net deferred tax assets	¥5,768 million

2. Additional Information

Following the promulgation on March 31, 2014, of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014), the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 4 of 2014), and the "Act for Local Corporation Tax" (Act No. 11 of 2014) were promulgated, the corporation tax rates was changed for the fiscal years beginning on or after April 1, 2014. In line with these changes, the effective tax rate used to measure deferred tax assets and liabilities was changed from 38.0% to 35.6% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2014. As a result of the impact from this tax rate change, deferred tax assets (net of deferred tax liabilities) decreased by ¥1,213 million and income taxes, deferred increased by the same amount.

Notes to Leased Fixed Assets

In addition to the fixed assets accounted in the Non-Consolidated Balance Sheet, a portion of the microscope manufacturing equipment and computers are used under leasing agreements.

Notes on transactions with related parties

Type	Name	Voting rights ownership ratio (%)	Relation	Details of transaction	Amount (Millions of yen)	Item	Ending balance (Millions of yen)
Subsidiary	Altis Co., Ltd.	Direct Ownership 95.9	Financial support, Interlocking of officers	—	—	Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 2)	4,518
	Humalabo Co., Ltd.	Direct Ownership 87.3	Financial support, Interlocking of officers	Collection of moneys	29	Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 2)	5,521
	Impress Development K.K.	Direct Ownership 100.0	Financial support, Interlocking of officers	Loan (Note 1) Collection of moneys Waiver of claims (Note 3)	1,500 520 8,729	—	—
	Olympus Biotech International Ltd.	Direct Ownership 100.0	Financial support,	Loan (Note 1)	2,221	Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 2)	2,224
	Olympus Imaging Corporation	Direct Ownership 100.0	Interlocking of officers	Underwriting of capital increase (Note 4)	17,000	—	—

Terms of transactions and method for determining them

Notes:

1. The interest rates on loans are determined by considering market interest rates. The Company has not obtained any collateral in relation to this loan.
2. With regard to claims provable in bankruptcy, claims provable in rehabilitation and other provided to the subsidiaries, the Company recognized an allowance for doubtful accounts of ¥12,263 million and provision of allowance for doubtful accounts of ¥2,224 million for the current fiscal year.
3. The waiver of claims was made based on a special settlement.
4. The Company underwrote the full amount of a capital increase by third party allotment carried out by Olympus Imaging Corporation.

Notes to Per-Share Information

1. Net assets per share ¥659.71
2. Net income per share ¥41.83

Notes to Significant Subsequent Events

1. Filing of lawsuit against the Company

The Company had a lawsuit filed against it. The overview of the lawsuit is as follows.

(1) Date of filing

April 7, 2014

(2) Name of plaintiff

Mitsubishi UFJ Trust and Banking Corporation
The Master Trust Bank of Japan, Ltd.
Japan Trustee Services Bank, Ltd.
Trust & Custody Services Bank, Ltd.
The Nomura Trust and Banking Co., Ltd.
State Street Trust and Banking Co., Ltd.

(3) Details of the lawsuit and amount of claim

A total of six banks including Mitsubishi UFJ Trust and Banking Corporation and five trust banks filed a lawsuit against the Company seeking compensation for damages in the total amount of ¥27,915 million pursuant to Articles 709 and 715 of the Civil Code, Article 350 of the Company Law and Article 21-2 of the Financial Instruments and Exchange Act, resulting from the Company's false statements for the purpose of deferring record of losses in the Annual Securities Reports, Semi-Annual Reports and Quarterly Reports for the periods from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012.

The amount of the total claims for compensation includes ¥27,915 million and the interest accrued to the damages incurred relating to each of the shares at the rate of 5% per annum for the period from the day immediately following the share acquisition trade date of each of the shares that incurred losses up to the payment of the incurred losses of the shares.

(4) Future outlook

The lawsuit's effect on the financial results of the Company is not clear since it is difficult to calculate its financial impact at this stage.

2. Reduction in legal capital surplus and legal reserve and appropriation of surplus

The Company made a resolution at a meeting of its Board of Directors held on May 9, 2014 to place the matter of reduction in legal capital surplus and legal reserve, and appropriation of surplus as a matter to be resolved at the 146th Ordinary General Meeting of Shareholders to be held on June 26, 2014.

(1) Purpose of reduction in legal capital surplus and legal reserve, and appropriation of surplus

The Company recorded a deficit in retained earnings carried forward of ¥49,435,478,406 in the non-consolidated financial statements for the fiscal year ended March 31, 2014. To make up for the deficit and secure the flexibility and agility of future capital policy, pursuant to the provisions of Article 448, Paragraph 1 of the Company Law, the Company shall reduce the amount of its legal capital surplus and transfer the same amount to other capital surplus, and it shall reduce the amount of legal reserve and transfer the same amount to retained earnings carried forward. Moreover, pursuant to the provisions of Article 452 of the Company Law, the Company shall transfer the amount of other capital surplus to retained earnings carried forward.

(2) Outline of reduction in legal capital surplus and legal reserve

i) Outline of reduction of amounts of legal capital surplus and legal reserve

Legal capital surplus	¥8,275,923,138 out of ¥99,216,032,696
Legal reserve	Full amount of ¥6,626,182,483

ii) Line items to be increased and increase amounts

Other capital surplus	¥8,275,923,138
Retained earnings carried forward	¥6,626,182,483

(3) Outline of appropriation of surplus

i) Line item to be reduced and reduction amount

Other capital surplus	Full amount of ¥40,931,170,614

ii) Line item to be increased and increase amount

Retained earnings carried forward	¥40,931,170,614

(4) Schedule for the reduction in legal capital surplus

i)	Date of resolution of Board of Directors	May 9, 2014 (Friday)
ii)	Date of resolution of General Meeting of Shareholders	June 26, 2014 (Thursday) (Planned)
iii)	Effective date	June 30, 2014 (Monday) (Planned)

As this matter applies to the requirements of the proviso of Article 449, Paragraph 1 of the Company Law, the procedure for the statement of objection of creditors shall not arise.

(5) Future outlook

As this matter involves a transfer of accounts inside the “net assets” section, there is no change to the net assets total. Accordingly, this matter will not affect the operating results of the Company.

Notes to Company Subject to Consolidated Dividend Regulations

The Company will become a company subject to consolidated dividend regulations after the time when the last day of the current fiscal year becomes the last day of the most recent fiscal year.

Other Notes

1. Future conditions

Following the Company's announcement on November 8, 2011 concerning its postponing of recognition of losses on securities investments, etc., investigations by overseas investigative authorities, supervisory bodies and other public bodies (including those in the U.K. and U.S.) remains ongoing. The financial statements and their supplementary schedules may be corrected if any further important information comes to light in such investigations in the future.

As a result of inappropriate financial reporting by the Company, holders of its shares, etc. have filed a lawsuit against the Company, and there is a risk that various shareholders and shareholder groups may claim damages or file lawsuits against the Company in the future for a similar reason. The effect of these events on the financial results of the Company is not clear since it is difficult to estimate its financial impact at this stage.

Concerning investigations by domestic investigative authorities, supervisory bodies and other public bodies, in a case that was pending in the Tokyo District Court where the Company was accused of being in violation of the Securities and Exchange Act and the Financial Instruments and Exchange Act, the Company was fined ¥700 million on July 3, 2013 (prosecution's demand: ¥1,000 million). The judgment for the case was settled after the lapse of the period allowed for appeal and the case was closed upon payment of the fine.

The Company recorded these fines under extraordinary losses in the statement of income as "penalty charges."

In addition, concerning the Company's postponing of recognition of losses mentioned above, the investigation by the UK Serious Fraud Office that had been ongoing is now complete and on September 3, 2013, prosecution was brought against the Company and its subsidiary Gyrus Group Limited ("GGL") on charges of breaching Section 501 of the UK Companies Act of 2006 in relation to the explanation made to the auditors of GGL subsidiaries concerning the documents related to GGL's financial accounts. The trial of this case is currently ongoing in the UK courts.

The prosecution's effect on the financial results of the Olympus Group is not clear since it is difficult to calculate its financial impact at this stage.

2. Settlement of lawsuit

Although a lawsuit had been filed against the Company, as a result of comprehensive examination of the of the progress of the action, details of the matter, and potential legal costs that would arise if the lawsuit were to be continued, the Company decided that swiftly resolving the matters through settlement would be the best approach. As a result, a court settlement was reached on November 18, 2013.

(1) Date of filing

July 23, 2012

(2) Name, address and representative of plaintiff

1) Name: Terumo Corporation

2) Address: 44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo

3) Representative: Yutaro Shintaku, Representative Director

(3) Details of the lawsuit and amount of claim

The Company issued 6,811,000 shares, amounting to a total of ¥14,998 million, to Terumo Corporation through third party allotment, in accordance with the securities registration statement submitted on August 4, 2005.
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The amount of compensation for damage claimed consists 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.

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1) Name: Terumo Corporation
2) Address: 44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo
3) Representative: Yutaro Shintaku, Representative Director
4) Gist of settlement: The Company will pay Terumo Corporation ¥6 billion as settlement package and Terumo Corporation will dismiss its remaining claim against the Company.
Due to the settlement of this lawsuit in the fiscal year under review, the settlement package paid to Terumo Corporation was recorded as "settlement package" under extraordinary losses in the statement of income.

3. Impairment losses

Impairment losses are accounted for the following asset groups.

(Millions of yen)

Application	Type	Impairment loss
Other business assets	Long-term prepaid expenses	400
Total		400

Business assets are grouped mainly by segment according to business type, assets scheduled for disposal are grouped as assets to be disposed of by abandonment, sale etc., and idle assets are presented individually.

For business assets whose recoverability is not recognized due to the decision to withdraw from business, their book value is reduced to the recoverable amount. The recoverable amount is measured according to the realizable value (fair value less costs to sell) or the value in use, whichever is the higher amount. Assessment of the value in use is based on future cash flows.