

The Olympus Group, which is an active member of society and shares its sense of values, proposes new values through its business endeavors, thereby seeking to contribute to people's health and happiness. We call this concept "Social IN," describing the basic philosophy underlying all our activities. Based on this philosophy, Olympus believes that one of its key missions is to build and operate an optimal and appropriate corporate governance structure from a global perspective.

Management Structure

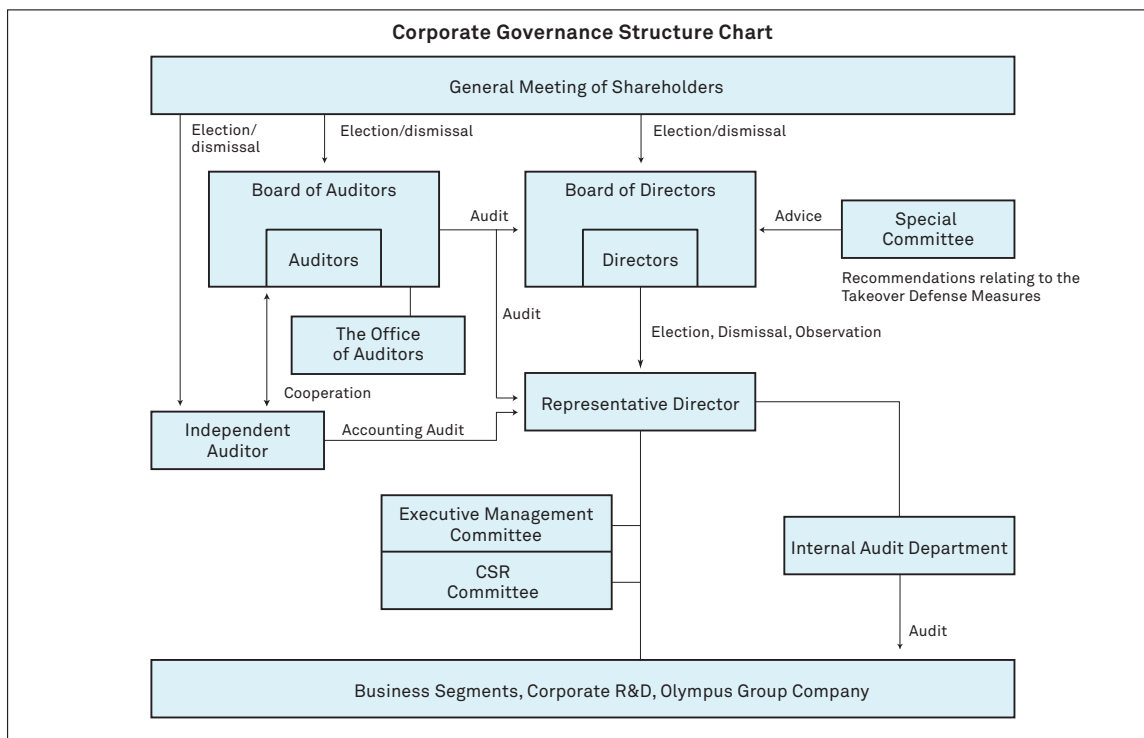
Olympus adopted a corporate structure with an auditor system based on Japan's Corporation Law. Our corporate governance system consists of a Board of Directors, which audits and supervises the performance of directors; and auditors and a Board of Auditors, which are independent from the Board of Directors and audit the performance of directors.

The Board of Directors consists of 15 members, including three outside directors. In principle, the Board of Directors meets once per month to make timely decisions regarding

business strategies and other important management matters and to conduct the appropriate oversight of business execution. Furthermore, Olympus established an Executive Management Committee, which, in principle, convenes three times per month, to act as a body in support of the president and COO's decision making. Outside directors participate in Olympus Board of Directors' meetings while serving as members of the Special Committee.

To further strengthen corporate governance, Olympus also adopted an executive officer system that separates the Board of Directors' responsibilities for decision making and the oversight of the execution of duties from executive officers' responsibilities for business execution. The number of executive officers stands at 28.

Olympus adopted an auditor system. At the present time, there are four auditors, including two outside auditors. The Board of Auditors meets in principle once per month. The major functions of the Board of Auditors include auditing management's daily activities, such as director performance. Auditors participate in important meetings, including Board of Directors' meetings, and periodically exchange opinions



with executive officers, major subsidiaries' auditors, accounting auditors and the Internal Audit Department to ensure auditing efficiency. Outside auditors also serve as members of the Special Committee.

Internal Controls

Olympus established the CSR Committee chaired by the president to set up and evaluate targets with regard to CSR activities while putting in place the Olympus Group Corporate Conduct Charter and the Olympus Group Code of Conduct to share its sense of values and action principles on a global scale. In addition to comprehensive in-house rules, we established a unique, Companywide set of operational standards—the Olympus International Standards (OIS)—to act as an employee code of behavior. As a company that specifically engages in the Medical Systems Business, which offers products that directly affect human health, Olympus is responsible for ensuring high-level product safety, quality and services. Based on this view, we established the Pharmaceutical Affairs Div. to develop rules and standards in Pharmaceutical Affairs Law-related fields to comply with a host of regulations around the world. Furthermore, Olympus established an Ethics Committee comprising knowledgeable people in order to conduct investigations in the area of bioethics upon the commencement of regenerative medicine and genome businesses.

Olympus also established the Compliance Department to further strengthen its compliance structure and set up a helpline as a point of contact for any employee inquiries about compliance. Should compliance-related problems arise, Olympus has in place a system that enables the directors responsible to report problems to the Board of Directors and the Board of Auditors.

Risk Control Structure

As part of its risk management rules, the Company established a Risk Management Committee, chaired by the president, to decide on risk management policies and the evaluation, verification and procedural standards to respond to such risks. In addition, the CSR Committee reports and deliberates on plans and measures regarding risk management as part of the consolidation and maintenance of the risk management structure. Furthermore, Olympus set up a Risk Management Bureau to collect and assess information, formulate countermeasures and ensure the effectiveness of any countermeasures initiated by full-time staff. Simultaneously, each in-house company, business

site and affiliate company has developed its own risk management structure. Should any risks arise that could have a significant impact on the maintenance of Olympus's corporate value, such risks shall be immediately reported to the president and the Risk Management Committee to determine the appropriate countermeasures and seek the prompt settlement of the issue.

To ensure adherence to its management policy in the event that any emergency case occurs, Olympus set up the Business Continuity Plan (BCP) and disseminates relevant information across the board, striving to prepare for emergency cases.

Anti-Takeover Measures

Olympus introduced anti-takeover measures to prevent large-scale purchases of the Company's shares, which would run counter to our corporate values and shareholder interests. These anti-takeover measures remain effective for three years from their introduction. The renewal of these measures requires the approval of the General Meeting of Shareholders, ensuring that the common interest of shareholders is protected. In order to make objective judgments concerning the positive and negative aspects of anti-takeover measures, Olympus established a Special Committee made up of one outside director and two outside auditors. This committee is independent of the Company's top management. Should a purchaser acquire over 20% of Olympus's share certificates or other equity securities, the Special Committee will advise from its standpoint independent from the Company's top management. The Board of Directors can call an Extraordinary Meeting of Shareholders to confirm the measures' approval upon necessity.