

(Reference Translation)

Notes of Media Briefing by Mr. Makoto Minoguchi, Standing Governor, Tokyo Stock Exchange Regulation on January 20, 2012

I am Makoto Minoguchi from Tokyo Stock Exchange Regulation (TSER).

Today, I will be explaining the results of the delisting examination conducted in relation to Olympus's stock.

As shown in the documents you've received, Tokyo Stock Exchange (TSE) announced today that the designation of Olympus's stock as a Security Under Supervision (Examination) was removed, and a listing agreement violation penalty was imposed, along with designation of the Company's stock as a Security on Alert.

These measures were decided and announced by TSE following the conclusion of deliberations in the TSER Board of Governors. With the large amount of media attention this case has received, we believe it is of high interest to investors and other market related parties. As such, I will be explaining the results of the examination in my role as a representative of TSER.

On December 6, 2011, Olympus disclosed that it planned to submit an amendment report to its securities reports, etc. based on the contents of the investigation report it received from the third-party committee. In response to this, TSE deemed that there was a likelihood of Olympus's stock falling under the delisting criteria pertaining to false statements, and conducted an additional designation of the company's stock as a Security Under Supervision (Examination). Following that, on December 14, 2011, Olympus submitted an amendment to securities reports for the 5 periods from the fiscal year ended March 2007 to the fiscal year ended March 2011, and for the quarterly reports for the first quarter of the fiscal year ending March 2012.

After designating Olympus's stock as a Security Under Supervision (Examination),

(Reference Translation)

TSER began conducting an examination of whether or not the company fell under the delisting criteria.

As a result of deliberations in the meeting of the board of governors held today, TSER confirmed that Olympus's stock did not fall under the delisting criteria and determined that it was appropriate to remove the designation as a Security Under Supervision (Examination).

Furthermore, in addition to the imposition of a listing agreement violation penalty based on the Securities Listing Regulations, TSER determined that it was appropriate to designate Olympus's stock as a Security on Alert.

TSER has conducted investigations and confirmed facts to the greatest extent possible in relation to this case. While I believe this to be of low probability, there remains the possibility that new facts may arise in the criminal investigation that is currently underway. In the unlikely case that facts are uncovered which overturn today's decision, please be aware that we may need to reexamine the situation in light of the new facts.

Moving on, I will now give an overview of the reasoning by which TSER reached its decision.

First, this case involved the concealment of unrealized losses arising from the management of financial assets via methods including the use of multiple funds outside the scope of consolidated accounts, regardless of the fact that they should be included in financial statements, and the continued excessive inclusion of net assets over a long period of time. Additionally, it has been deemed that the company used the opportunity of corporate acquisition to make excessive payments for the acquisition value of stocks and fees to intermediaries in order to hide the unrealized losses. These actions were conducted under the knowledge of past representative directors and resulted in an amendment to consolidated net profits identified to be in excess of JPY 12.35 million.

(Reference Translation)

However, though some of the actions were deemed to be those of the company organization, they were the work of a limited number of participants and had no direct relation to the core business of the company. These actions were advanced in a form that had no effect on business management conditions and the improper accounting practices generally had no effect on sales or operating profit.

Taking the above facts into comprehensive consideration, though the contents of the false statements had a long-term impact on the financial statements, such cannot be deemed to have caused continuing significant misinterpretation of profit levels or performance trends in light of the company's scale. TSER was unable to deem that investment decisions were considerably distorted to the extent of deserving delisting.

In comprehensive consideration of these facts, because TSER cannot deem that delisting is warranted, it has determined that removal of designation as a Security Under Supervision (Examination) is appropriate.

However, given that multiple directors, including representative directors, participated in this case, and as a result caused a situation requiring large amended figures, TSER determined that investor confidence in the TSE market has been damaged and has imposed a listing agreement violation penalty on the company.

Additionally, we have deemed that the board of directors, in its role supervising the business execution of managers, and the board of auditors, in its role of monitoring, did not function effectively and that there are insufficiencies in corporate governance, including that adequate discussion was not conducted regarding the necessity and propriety of transactions, etc. pertaining to corporate acquisition. Furthermore, in addition to a considerable deficiency in awareness of compliance in a portion of the supervisory positions, insufficiencies have been recognized in the structure and

(Reference Translation)

operation of supervisory operations for important assets. As such, TSE has deemed that improvement of the company's internal control systems is highly necessary and has designated the stock of the company as a Security on Alert.

Though TSER did not decide to delist Olympus's stock, because it was designated as a Security on Alert, the company will be required to submit a written confirmation of internal control system after 1 year has passed since designation. TSER will conduct an examination based on the contents of such report, and confirm the improvement of the conditions of the company's internal control systems. While conducting annual examinations, if appropriate improvement is made and no issues are recognized, the designation will be removed and the issue shall return to normal status. However, at the time of the third submission, if a problem is deemed to still exist, the issue will be delisted.

I understand that improvements are progressing according to the guidance of the management improvement committee. We expect large improvements in the internal control systems and efforts to prevent reoccurrence of a similar issue.

This concludes my explanation.

Q&A

Q: I have two questions. First, related to the timing of deciding that the company will retain its listing, you mentioned that TSER may reexamine this case if there are facts which overturn today's decision in the criminal investigations. Why did you decide that Olympus will keep its listing at this timing?

Secondly, Olympus is renowned as a leading Japanese company for its gastro-endoscopes. I believe this series of incidents had a great impact on Japanese and

(Reference Translation)

global markets. In Japan, some were concerned about what would happen if the company were to be delisted or hoped that it would retain its listing. Did you take anything like public opinion into consideration?

A: In response to your first question regarding why we made the decision today, it is simply because we completed our examinations. I touched upon the criminal investigations earlier, but we believe that Olympus had sufficiently cooperated with us and we examined the case to the fullest extent possible. Based on these facts, we proceeded with the examinations, and we reached a conclusion today. There was no particular reason requiring a decision to be made today. It was simply a result of fulfilling our duties that the conclusion was reached today.

As for the second question, we understand there are various opinions on the incident, due to its impact on Japanese society, but we did not take such opinions from outsiders into account in our decision. We, TSER, just examined the case based on the rules and regulations specified by TSE.

Q: I have a couple of questions. First, were the accounting irregularities deemed to arise from the company organization?

A: We use the word "company organization" because the past representatives and several officers and directors were involved in the case. In this sense, people inevitably deem the irregularities as those of the company organization.

Q: You mean, TSER deems the accounting irregularities as those of the company organization, but you decided today that Olympus did not fall under the delisting criteria. Is this correct?

(Reference Translation)

A: We examine all the relevant facts, and take them into comprehensive consideration. As such, we do not delist a company just because the company organization is involved in accounting irregularities. It was only a single judgment factor.

Q: In the past, TSE examined whether Nikko Cordial Corporation (Nikko) should be delisted or retain its listing. The then-president, Mr. Nishimuro, said at the press conference that delisted Seibu Holdings Inc. (Seibu) and Kanebo Ltd. (Kanebo) had been organizationally involved in the window-dressing accounting and these actions were conducted under the knowledge of each company president. He emphasized that there was a clear difference between Nikko and these delisted companies, and therefore, Nikko retained its listing. However, I think that the Olympus case is similar to those of Seibu and Kanebo in terms of organized irregularities which Mr. Nishimuro emphasized. Even so, why did you decide that the company will keep its listing?

A: As I mentioned earlier, it is only a single judgment factor. It is my understanding that almost the entire company was involved in the Kanebo case. According to the amendment reports to its financial statements, the company falsely stated liabilities in excess of assets as excessive assets, covered up losses, and pretended to generate profits. From this point of view, this case is considerably different from Olympus.

For the Seibu case, it was reported that the company had falsely stated the number of shareholders for more than 40 years. If Seibu had disclosed accounting figures correctly, it would have been delisted much earlier. As such, we see that the Seibu case is greatly different from Olympus, as well.

Q: One more question. As you said earlier, some companies were delisted due to liabilities in excess of assets in the past. I understand that Olympus is able to retain its listing this time mainly because the irregularities have not caused continued

(Reference Translation)

significant misinterpretation of performance trends, and therefore, investment decisions were not considerably distorted. On the other hand, looking at the amendment reports, it was found that the capital adequacy ratio was overstated by nearly 10% at maximum and it was increased by 4 to 5% even in the financial settlement of account immediately before the irregularities were discovered. I believe that this has a major impact on investment decisions. Yet, why do you think investment decisions were not considerably distorted?

A: There are many judgment factors. As you said, Olympus falsely stated its capital adequacy ratio. However, we found that the company did not register fictitious sales in its core business, and there was little amendment to its sales and operating profits. In light of this, I wouldn't be telling the truth if I say investment decisions were not distorted at all, but we do not consider that investment decisions were significantly distorted to the extent of deserving delisting.

Q: One more question. Did the board of governors make the decision unanimously?

A: Unfortunately, we do not disclose the content of meetings of the board of governors. Therefore, I must decline to comment.

Q: I have a couple of questions. In addition to the reason you mentioned earlier, the company has many overseas shareholders. Did you take into account an impact on such shareholders?

You answered a similar question earlier, but in the press release, you only focused on whether the false statement by the company had a material impact on the market and investment decisions. There are no numerical criteria for delisting. For the Nikko case

(Reference Translation)

as well, it was pointed out that TSE's delisting criteria are not clear and TSE is given too much leeway to decide delisting. What is your view on this matter?

A: This is not limited to overseas shareholders. If a company is delisted, it will have a major impact on all shareholders. However, if we hesitate to delist a company due to considerations of the impact on shareholders, we would not be able to delist companies that should be delisted. In this case, we place ultimate priority on the extent of the false statements.

You said some pointed out that our delisting criteria are not clear from outsiders.

Unfortunately, the TSE rules and regulations just prescribe that a company is delisted "if such fact has a material impact ". I think there may be discussions over whether this is good or not, but it is TSE, the market operating company, that has the authority to develop rules and regulations. As I work at TSER, the self-regulatory company, I only have the authority to judge a case pursuant to these rules and regulations. As such, I am not in a position to comment on this matter.

Q: I have two questions. I understand that you cannot publicize the content of meetings of the board of governors. However, how long did it take to decide the designation of the company's stock as a Security on Alert.

The other question is related to a listing agreement violation penalty. Regardless of the company size, you require companies to pay 10 million yen uniformly. Is this amount enough to prevent listed companies from violating the listing rules? I would like to hear your view.

A: For your first question, we did not measure how long it took to make the decision. We held the board of governors today, but it does not mean we brought the Olympus case to the board members as an agenda for the first time and consulted with them

(Reference Translation)

today. As it has been a major issue since last year, we have reported the development of our examinations to and consulted with the board members unofficially. As such, I think it has taken considerable time.

Regarding the issue of a listing agreement violation penalty, as I mentioned earlier, it is set pursuant to the TSE rules and regulations, so I don't think it's appropriate to comment on the issue here.

Q: I mean to ask how long you discussed the matter at today's meeting.

A: I think it was less than two hours.

Q: When you were asked about the delisting criteria, you answered that the extent of window-dressing accounting by the company was not material in light of the company's scale and that it did not state liabilities in excess of assets as excessive assets in its financial statements. However, this case has drawn much attention and I am concerned that such explanation could send the wrong message to other company managers. For example, they may think that a company can retain its listing despite loss cover-up unless its liabilities exceed assets or if it is the work of a limited number of the management. What do you think about this?

A: As you pointed out, that manner of thinking is mistaken. Therefore, we clarified and explained such point in the today's press release. The Listed Company Compliance Department of TSER is responsible for examinations, but it is best to prevent such events from occurring, and we appropriately explain our policy to listed companies on an as-needed basis. I cannot claim that no one misunderstands our explanations, but we make efforts to avoid such misunderstandings.

(Reference Translation)

Q: In the press release, it was pointed out that the loss cover-up damaged confidence in the market. What areas of Olympus have been cited by TSE as strongly requiring improvement?

A: There are too many to express all of them, but after all we can say that its governance system did not work sufficiently. It is very regrettable that such event occurred due to several managers running out of control. I strongly hope that Olympus will properly establish a monitoring system for its management.

Q: This is just what I felt, however, it took only one and a half months from December 6, 2011 until you announced the decision today. Judging from the past cases, it usually takes one to six months for examinations. However, considering the complexity of the case, some pointed out that one month is too short. You said that TSER carefully and sufficiently examined and discussed the matter for the one-month period, but is there any opinion that the examination period was too short for the Olympus case?

A: It is difficult to be specific about the steps in our decision making process. When the overview of the incident was reported, we were aware that this would be a serious case. Therefore, we conducted hearings with Olympus and requested it to submit necessary documents. To be precise, examinations on whether the company fell under the delisting criteria started from the day when TSE designated the stock as a Security Under Supervision (Examination). However, we had already obtained some information on the case before that day.

As I said before, we repeatedly discussed the matter among the governors, reached something like a consensus and then the board made a decision today. As such, I don't

(Reference Translation)

think that the examination period was too short at all. No one said that at the board of governors meeting held today.

Q: In conclusion, you mean the false statements by the company did not have a material effect.

A: I mean it was not material enough to deserve delisting.

Q: You said that the Olympus case is not material enough to deserve delisting. However, for the general public, I think it is hard to understand this decision in light of the uproar this case has caused.

In today's press release, there are some points for the reasons why the company retains its listing and you said that there are various judgment factors. Again, would you please raise three to five important points as judgment factors and explain each point specifically?

A: I think it better to refer to the pamphlet and other materials for the points of our judgments on the false statements. You can see details including the specific amount, items, and content and how many years the company continued the false statements. In addition, it includes the motive, purpose, and who was involved in the false statements, which is related to the "organization irregularities" I mentioned earlier. We also took into account the situation and background of the case, but we do not simply list these factors and decide what is good or bad. We take various factors into comprehensive consideration during the examinations. I have already explained some of the points, but it is quite difficult to indicate clearly what is good or bad.

(Reference Translation)

Q: You said that you confirmed the facts sufficiently and Olympus cooperated with TSER thoroughly, but how did you actually examine such facts and how did the company cooperate with you?

Secondly, you mentioned that you will reexamine the case if facts are uncovered which overturn today's decision. What types of facts do you see requiring reexamination?

Finally, the Securities Listing Regulations prescribes that a company designated as a Security on Alert is required to submit a written confirmation of its internal control system every year. Based on the report, TSER examines the conditions and the company is delisted unless it improves its internal control system within three years. What points will you examine in this report?

A: Basically, we examined the case through hearings with related parties and based on relevant documents submitted by Olympus. In the process of the examinations, we checked that there were no discrepancies between the contents of the hearings and the submitted documents. Olympus submitted almost all the requested documents and no one refused the hearings.

As for the second question, you asked me about facts that would overturn our decision. As I mentioned earlier, we made today's decision based on the fact that the company did not make false statements about its core business. Of course, for example, that's another story if it is uncovered that the company recorded fictitious sales related to its main business. There are also many other factors. I mean, if new facts arise which reverse our decision, we have to reexamine the case.

For the third question, I believe that this case arose due to problems with Olympus's

(Reference Translation)

internal control system. Based on the report, we check how the company's internal control system works adequately and how the company ensures effectiveness of such system.

Q: In fact, Olympus provided huge amounts of funds to domestic companies, didn't it?

A: You are talking about the company's acquisitions, aren't you?

Q: Yes. It came to light, and both before and after it was widely reported, the company's stock price plunged, which I think had a major impact on the market. How did you take this impact on the market into consideration when making the decision, and why did you conclude that there was no material effect?

A: Stock prices fluctuate according to investment decisions at that time. It doesn't mean that we do not take the fluctuations of the stock price into consideration at all, but it was not a factor which greatly influenced our judgment regarding delisting.

Q: This is related to what you said earlier. I understand that you made today's decision based on the fact that the company's liabilities did not exceed assets despite the window-dressing accounting. However, I think the most important aspect is probably whether the company distorted investment decisions considerably. This cannot be judged from the content of financial statements only, but from actual investment decisions to some degree. How did you conclude that the company did not distort investment decisions? You said that stock prices are not a major judgment factor to deserve delisting.

(Reference Translation)

A: You may have a point, but each investor makes his or her own judgment and there is no certain formula or investment pattern. It is reasonable to make assumptions regarding the reasoning of general investors. During our hearings with related parties, each of them expressed their own opinion. There were various media reports, and some people also called us, but each of them told us different things. In light of this, I think we would end up with various results even if we ask investors about their investment decisions. I don't think it makes sense. As such, it is better for us to make today's decision according to the content and extent of the false statements.

Q: There is one thing I would like to confirm. You didn't see that investment decisions were distorted considerably. Does this mean you made today's decision based on external factors only?

A: Yes. We didn't make any decision based on hearings with investors.

Q: I see. Thank you.