

Special Feature

New Organizational Structure for New Corporate Strategic Plan

Olympus intends to create a new corporate strategic plan during fiscal 2016 to guide it in the pursuit of further growth over the period after the conclusion of the medium-term vision established in 2012. To advance the formulation of this plan under the ideal structure, the Company transitioned to a new organizational structure in April 2015.

April 2015

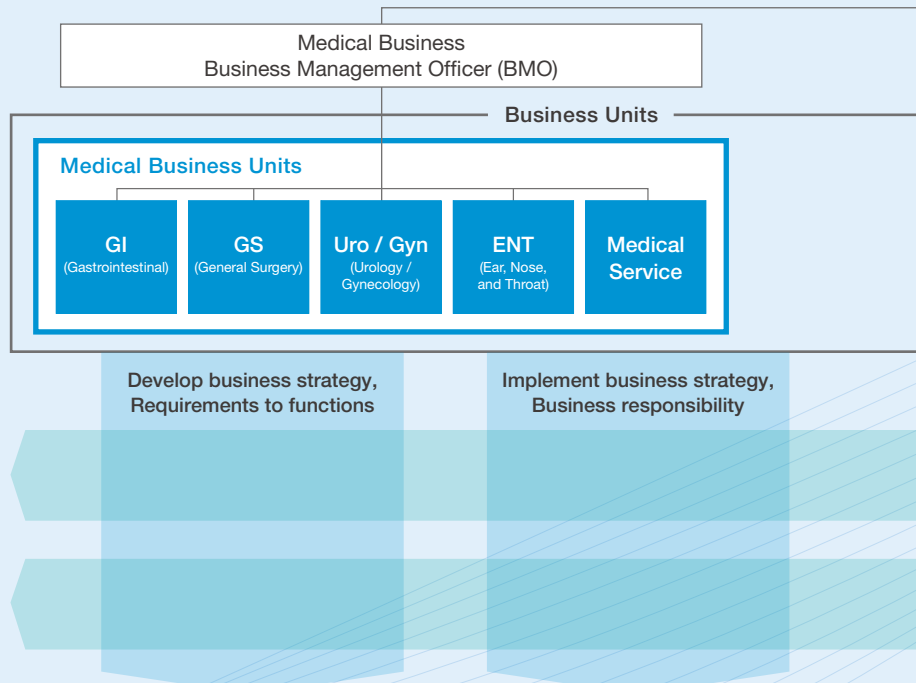
Development of a New Organizational Structure for the New Corporate Strategic Plan

Under the new organizational structure, we will formulate our new corporate strategic plan through a coordinated effort between business units and functional organizations.

Point 1 Expansion of New Business Units in the Medical Business

▶▶▶ For more information, please refer to page 28.

In order to fuel the further expansion of the Medical Business, the Uro/Gyn Business Unit, ENT Business Unit, and Medical Service Business Unit were established as independent organizations for strengthening operations in the strategic areas of urology; gynecology; ear, nose, and throat; and medical services.



From fiscal 2013 Progress of the Medium-Term Vision (Corporate Strategic Plan)

The following measures were advanced under the medium-term vision, which was established together with the new management team in 2012.

- Expansion of the Medical Business
- Reorganization of non-core business domains
- Restructuring of corporate governance
- Reinforcement of financial position

Overview of New Organizational Structure

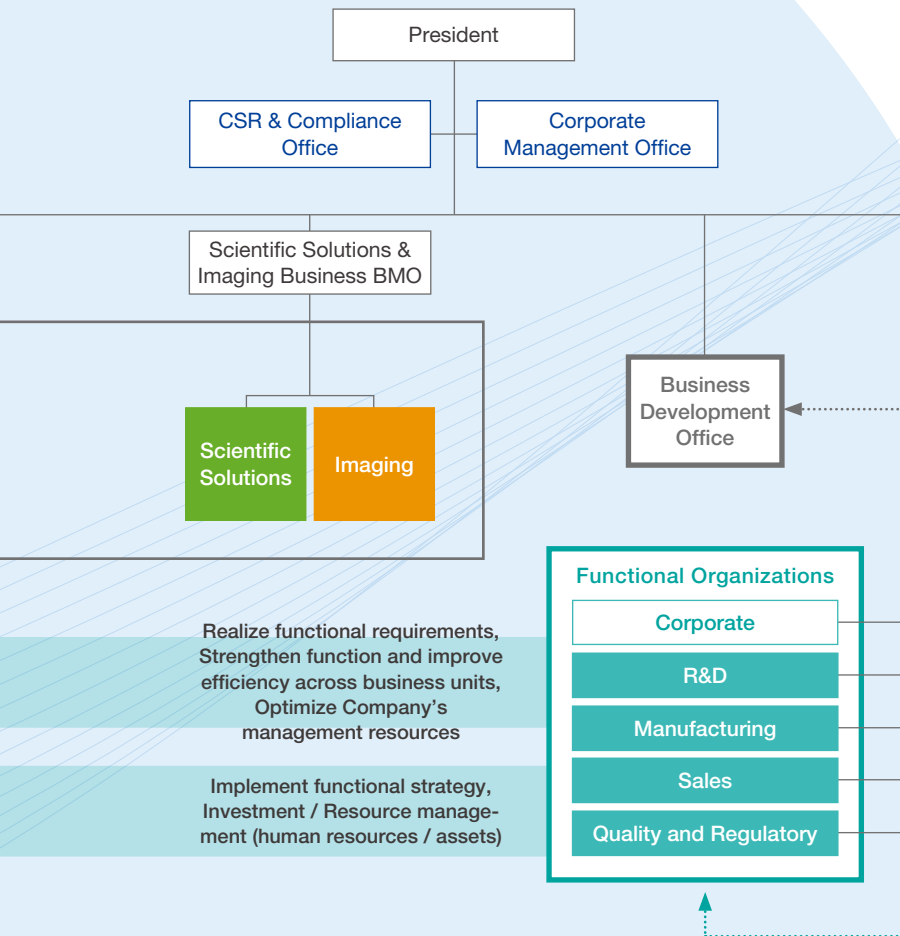
Groupwide Reorganization (Integration of Operating Companies)

Olympus had previously employed an organizational structure through which the Medical Business and the Imaging Business were operated by subsidiaries, Olympus Medical Systems Corp. and Olympus Imaging Corp., respectively. Under the new organizational structure, these companies were integrated into the Company to consolidate the functions that had been dispersed among businesses in order to boost management efficiency and allow for management resources to quickly be allocated to specific businesses. In this manner, the new structure enables swift response to the ever-changing market conditions.

From April 2016 Start of the New Corporate Strategic Plan

The three key points of the new corporate strategic plan currently being constructed are listed below. Based on these three points, we will discuss the new plan on a Companywide basis with the aim of formulating management strategies that can fully leverage the characteristics of the new organizational structure.

- Growth
 - Capital efficiency
 - Financial soundness
- ▶▶▶ For more information, please refer to "Interview with the President" beginning on page 16.



Matrix Style of Business Operation

The new organizational structure is a departure from the prior style of operation that was based on the "in-house company system," which grants each business a high degree of independence. Instead, the new structure employs a matrix style of operation, which is realized through a balanced union of the business and functional axes of the organization. By reorganizing the functions that had previously been dispersed among businesses and consolidating them within functional organizations, we aim to utilize human resources, technologies, and other management resources without being restricted by business boundaries, and thereby realize improved management efficiency and inter-business synergies.

Point 3 Creation of Business Development Office

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The Business Development Office was established as a specialized organization for facilitating efforts to expand operations in new fields, explore new businesses, and conduct M&A activities. It is responsible for actively allocating resources to drive growth over the medium to long term.

Point 2 Reorganization and Establish- ment of Functional Organizations

By reorganizing the functions that had previously been dispersed among businesses and consolidating them within functional organizations, we aim to fully utilize the management resources of the entire Company. In addition, we established the Sales Group as a new functional organization for overseeing the marketing departments of each business and strengthening Olympus' sales capabilities, which was previously an area of weakness.

R&D Group: This group is responsible for allocating resources based on R&D targets and business to make full use of Olympus' technological capabilities.

Manufacturing Group: This group is tasked with effectively utilizing the Company's global production infrastructure, and establishing cross-business manufacturing strategies.

Sales Group: This group has the goal of strengthening Companywide sales capabilities to better communicate the superiority of Olympus' technologies and the appeal of its products to the market.

Quality and Regulatory Group: Viewing the institution of stricter regulations and other operating environment changes as opportunities, this group aims to create systems to ensure quick response to such changes.

Business Units of the Medical Business

In order to fuel the further expansion of the Medical Business, the Uro/Gyn Business Unit, ENT Business Unit, and Medical Service Business Unit were established as independent organizations for strengthening operations in the strategic areas of urology; gynecology; ear, nose, and throat; and medical services.

Operating Environment and Outlook

Business Strategy

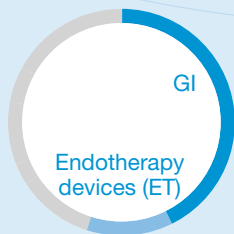
Shares of Net Sales (As of fiscal year ended March 31, 2015)

Major Competitors



GI (Gastrointestinal) Business Unit

- Rising endoscope demand due to the endorsement of endoscope usage for stomach cancer examination in Japan and growing colorectal cancer examination awareness in Europe and the United States; high latent demand in Asia market expected to grow
- Endotherapy device market forecast to display double-digit growth due to rise in minimally invasive therapy and surgical procedures accompanying spread of endoscope usage
- Pursue ongoing sales and income growth by developing and supplying gastrointestinal endoscope-related products designed to provide hospitals with medical and economic value; strengthen the training support ventures that are crucial to market growth in Asia
- Expand market share in the endotherapy product field by supporting spread of techniques and strengthening approach toward group purchasing organizations and integrated delivery networks (organizations that jointly purchase pharmaceuticals, medical materials, medical equipment, and related), an issue of particular importance in the United States



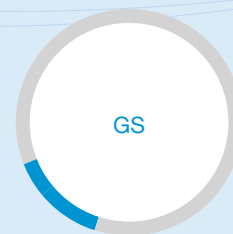
Gastrointestinal endoscopes:
Fujifilm Corporation (Japan), HOYA CORPORATION (Japan), etc.

Endotherapy devices:
Boston Scientific Corporation (U.S.), etc.



GS (General Surgery) Business Unit

- Rapidly changing operating environment due to pressure to reduce medical costs
- Market expectations for products with both medical and economic benefits projected to represent a favorable medium- to long-term trend for Olympus and its minimally invasive therapy products
- Launch new surgical endoscopy systems, for which technologies were developed by Sony Olympus Medical Solutions Inc. during fiscal 2016, and work to expand share of surgical endoscope market
- Expand lineup of THUNDERBEAT energy device products to provide support for more treatment areas and procedures and thereby increase market penetration



Surgical endoscopes:
Stryker Corporation (U.S.), KARL STORZ GmbH & Co. KG (Germany), etc.

Energy devices:
Ethicon Endo-Surgery Inc. (U.S.), Medtronic, Inc. (U.S.), etc.



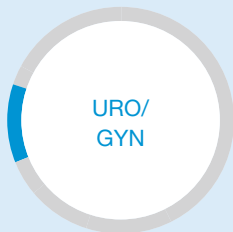
OES Pro (Resectoscope)

URF-V2
(Uretero-reno
videoscope)



Uro/Gyn (Urology / Gynecology) Business Unit

- Rising case numbers and higher minimally invasive therapy needs in focus urology field areas, including enlarged prostate, bladder cancer, and urinary tract stone treatment
 - Ongoing increase in demand for early diagnosis and minimally invasive therapy methods for conditions such as uterine myoma and endometrial polyps in the gynecology field
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- Solidify position in the resectoscope and flexible endoscope markets by further soliciting Olympus' technological prowess
 - Expand currently low market share in the highly competitive urinary tract stone treatment device field by developing products that are highly appealing to customers
 - Expand operations in the gynecology field by utilizing Olympus' diagnosis and treatment technologies and strengthening sales capabilities



KARL STORZ GmbH & Co. KG (Germany), Boston Scientific Corporation (U.S.), etc.



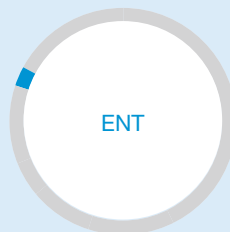
DIEGO ELITE (Multidebrider system)



Rhino-Laryngo videoscope

ENT (Ear, Nose, and Throat) Business Unit

- Medical equipment manufacturers are increasingly being expected to provide three forms of value—medical value, economical value, and patient value—making for a type of “Triple Value.” In this environment, needs are rising in areas in which Olympus can utilize its core competencies, such as early diagnosis and treatment of oropharynx cancer and hypopharyngeal cancer and more minimally invasive endoscopic sinusitis treatment.
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- Provide ideal solutions to all stakeholders in the ENT field by developing new diagnosis and therapeutic procedures through close coordination with medical institutions and optimal products for use with these procedures
 - Strengthen sales capabilities to increase Olympus' global presence in the ENT field



HOYA CORPORATION (Japan), Medtronic, Inc. (U.S.), KARL STORZ GmbH & Co. KG (Germany), etc.



Medical Service Business Unit

- Strong global market share held by Olympus due to high penetration of gastrointestinal endoscopes in Europe and the United States; slight increase in repair orders anticipated; brisk increase in order numbers anticipated to accompany future gastrointestinal endoscope growth in emerging countries
 - Increase in repair needs expected in anticipation of growth in the field of surgical devices resulting from future expansion of Olympus' sales and market share
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- Improve profitability by increasing the percentage of Olympus products covered by maintenance service contracts and reducing costs associated with repair activities
 - Enhance service systems in the surgical device field and in emerging countries where future growth is anticipated



Messages from General Managers of Business Units in the Medical Business

The Medical Business has been separated into five business units, and we are stepping up initiatives in fields warranting strategic expansion. Each business unit faces a unique market with its own trends. By quickly and accurately responding to the issues faced in these different markets while pursuing our goals, we aim to accelerate the growth of the Medical Business as a whole.



GI (Gastrointestinal) Business Unit

Katsuyuki Saito

The average age is rising for populations of countries and regions across the globe, and this trend is creating a drive to limit medical costs. Together, these factors are stimulating a clear increase in the demand for early diagnosis procedures using endoscopes as well as for endoscopic mucosal resection, endoscopic submucosal dissection, and other minimally invasive therapy procedures conducted using endotherapy devices. Olympus is poised to respond to this demand from its world-leading position, which it is solidifying by developing technologies that are unparalleled on the global market and providing products of the same caliber. These products include our mainstay endoscopes, which feature enhanced functionality for supporting pathological change examinations, such as narrow band imaging (NBI) which highlights the capillary vessel and subtle details for mucous membranes with high contrast. Other offerings include our scopes that boast improved ease of insertion. Going forward, we will strengthen operations in fields peripheral to gastrointestinal endoscopes to grow this business as a core operational area that supports the entire Company, and thereby realizes ongoing growth in sales and income.

In the growth market represented by China and other parts of Asia, we aim to achieve a massive year-on-year increase in net sales in fiscal 2016 of more than 20% by stepping up efforts to train physicians in endoscopic procedures, an area where capable individuals can improve their skills to expand their implementation of these procedures. Furthermore, we will expand our share of the endotherapy device market by promoting usage of endoscopic submucosal dissection procedures and bolstering our product lineup in this specialty.



GS (General Surgery) Business Unit

Tomohisa Sakurai

The GS Business Unit is set to achieve explosive growth in the future. The catalysts for this growth include the strategic investments conducted in fiscal 2015 to fuel further surgical device business growth and the scheduled fiscal 2016 launch of the new surgical endoscopy systems that Sony Olympus Medical Solutions Inc., a joint venture with Sony Corporation, developed technologies for.

Meanwhile, we have been accelerating business expansion in the energy device field through such means as bolstering our lineup of THUNDERBEAT products to make these systems applicable to various new fields and expanding our sales force to strengthen sales capabilities.

A large amount of the earnings generated in the energy device field come from sales of the disposable instruments that are connected to the core energy-output devices. Accordingly, we expect high profitability from THUNDERBEAT to appear as the number of medical institutions equipped with this system increases and as it becomes more common for these systems to be used for medical procedures.



Uro/Gyn (Urology / Gynecology) Business Unit

Minoru Okabe

The Uro/Gyn Business Unit is utilizing the extensive North American sales networks that were acquired together with Gyrus Group PLC to expand its operations in the areas of enlarged prostate, bladder cancer, and urinary tract stone treatment. While Olympus already has strong market shares for the resectoscopes used to treat enlarged prostates and the flexible endoscope used to diagnose bladder cancer and treat urinary tract stones, we will further solidify our position in these markets by soliciting Olympus' technological prowess. The Company's share in the market for urinary tract stone treatment devices is still fairly low. This is largely due to the fact that we have previously failed to invest the necessary amount of management resources into this field, as well as to the presence of highly competitive rivals. We will work to expand our share in this field by developing products that are highly appealing to customers.



ENT (Ear, Nose, and Throat) Business Unit

Georg Schloer

Olympus has established a strong presence in terms of its flexible endoscopes for pharynx and larynx treatments. However, our share in the rhinology and otology fields is still quite low. Given the Company's rich product lineup and superior technological prowess, it is clear that we should not be satisfied with our current position, and that there is still plenty of room for the Company to grow in the ENT field as a whole. The market growth rate in the ENT field is not particularly high by nature. Based on this reality, we have established two main strategies for expanding our business in this market.

The first is to provide ideal solutions to all stakeholders in the ENT field, such as healthcare professionals, hospital managers, and patients. We will accomplish this by creating new diagnosis and therapeutic procedures through close coordination with medical institutions while also developing optimal new products to be used with these procedures.

The second is to strengthen sales capabilities. Olympus must be capable of effectively providing the solutions created through the first strategy to the relevant stakeholders. Previously, strategic investment in sales capabilities for the ENT field has been insufficient. Going forward, we will endeavor to build sales systems suited to each market of operation and then strengthen these systems to increase Olympus' global presence in the ENT field.



Medical Service Business Unit

Yoshihito Shimizu

Olympus develops its global business based on the policy of providing a complete range of repair services to customers, no matter where in the world they are located. For this reason, the Medical Service Business Unit has an important role to play underpinning Olympus' Medical Business. At the same time, as it is a stand-alone business unit, the Medical Service Business Unit is also devoted to improving its own profitability. For example, we aim to increase the ratio of Olympus products covered by maintenance service contracts. Such coverage creates a win-win situation through which customers are able to use our products with peace of mind and the Company is able to secure stable profits at the same time. Furthermore, we are pushing forward with ongoing repair service cost reduction activities.