To Shareholders

Internet Disclosure for Notice Regarding the Convocation of the General Meeting of Shareholders For the 148th Term

June 6, 2016

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. Matters Concerning Subscription Rights to Shares, etc.

1. Summary of Subscription Rights to Shares

Date of resolution of issue	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Paid-in amount for subscription rights to shares	Value of property contributed upon exercise of subscription rights to shares	Exercise period	Grantees
August 8, 2013 (The first subscription rights to shares)	401	Common stock 40,100 shares	¥2,940 per share	¥1 per share	(Note) 1.	Directors or Executive Officers
June 26, 2014 (The second subscription rights to shares)	410	Common stock 41,000 shares	¥3,625 per share	¥1 per share	(Note) 1.	Directors or Executive Officers
June 26, 2015 (The third subscription rights to shares)	387	Common stock 38,700 shares	¥4,415 per share	¥1 per share	(Note) 1.	Directors or Executive Officers

Notes: 1. (a) A holder of subscription rights to shares may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of either Director or Executive Officer of the Company.

(b) Should a holder of subscription rights to shares assume the position of Audit & Supervisory Board Member after his/her retirement from the position of Director or Executive Officer, he/she may exercise the rights only during a period of 10 years that starts after one year has passed since the day immediately following the day on which the holder loses his/her position of Audit & Supervisory Board Member of the Company.

(c) Other terms and conditions are stipulated in the Agreement on the Allocation of Subscription Rights to Shares.

2. In accordance with the provisions of the Agreement on the Allocation of Subscription Rights to Shares, the “Number of subscription rights to shares” for the first subscription rights to shares above and that for the second subscription rights to shares above each decreased by 10, and that for the third subscription rights to shares above decreased by 3, due to the retirement of Executive Officers.

2. Subscription Rights to Shares Granted to as Compensation for the Duties Performed and Held by the Company's Directors and Audit & Supervisory Board Members at the End of the Fiscal Year

Category	Issue number	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Number of holders
Directors (excluding Outside Directors)	The first subscription rights to shares	115	Common stock 11,500 shares	5
Directors (excluding Outside Directors)	The second subscription rights to shares	115	Common stock 11,500 shares	5
Director (excluding Outside Directors)	The third subscription rights to shares	119	Common stock 11,900 shares	5

3. Subscription Rights to Shares Granted to the Company's Employees, etc. as Compensation for the Duties Performed during the Fiscal Year

Category	Issue number	Number of subscription rights to shares	Class and number of shares to be issued upon exercise of subscription rights to shares	Number of grantees
Executive Officers	The third subscription rights to shares	268	Common stock 26,800 shares	19

Notes: 1. Executive Officers do not include those who also serve as Directors.
2. In accordance with the provisions of the Agreement on the Allocation of Subscription Rights to Shares, the "Number of subscription rights to shares" above decreased by 3 during the fiscal year due to the retirement of Executive Officers.

II. Overview of Status of Management of Framework to Ensure Fairness of Operations

1. Framework to ensure the compliance by Directors and employees of the Company and its subsidiaries, in performance of duties, to applicable laws and regulations as well as the Articles of Incorporation

- The Company has established Olympus Group's Charter of Corporate Behavior and Olympus Group's Code of Conduct and in addition established and revised other basic policies and internal corporate regulations. The Company arranged a total of nine compliance briefing sessions, led by Chief Compliance Officer, for group companies inside and outside Japan located in Japan, Europe, the U.S., and the Asian region, to promote their awareness towards the compliance. Moreover, The Compliance Committee held three meetings to report the status of the compliance related activities. The Global Compliance Committee held four meetings, and in addition to that, the Company conducted surveys on awareness about the compliance and self-assessment on a global basis.
- The Company received reports at any time through the compliance helpline provided inside and outside the Company, and made reports on individual cases and result of investigation to the Audit & Supervisory Board Members.
- The Company held CSR Committee meetings and reported the status of activities to the Executive Management Committee.
- The Internal Audit Office of the Company made reports on the audit plan, audit implementation status and others based on the Internal Audit Regulations to President and the Board of Directors. In addition, the Company also reported on the status of preparation for internal control of financial report and its operation in accordance with the internal control implementation policy.
- The Company dispatched Directors and Audit & Supervisory Board Members to major subsidiaries, and deliberated important matters of the subsidiaries in accordance with Olympus Group's internal control rules and internal control rules of respective locations.
- The Company performed investigation on new transactions of the Company and its subsidiaries in accordance with the Rules for eliminating of antisocial forces.

2. Framework regarding the maintenance of records and management of information in relation to performance of duties by Directors of the Company

- The Company prepared and saved minutes of the Board of Directors' meetings, Annual Securities Report and internal rules, etc. in accordance with internal rules on document management.

3. Rules relating to the risk management of the Company and its subsidiaries in the event of loss and other circumstances

- The Company shall make a proposal to the Board of Directors for resolution of significant matters of the Olympus Group following sufficient deliberations at meetings of the Executive Management Committee. The Company regularly held the meetings of the Executive Management Committee and the Board of Directors. The Company also performed business risk management of the Group by due operations of approval procedures using the electric approval system.

- The Company worked to manage risks for the entire Olympus Group by providing necessary educational training programs and holding meeting bodies. In addition, CSR Committee conducted risk assessments and provided drills to ensure quick response in case of a disaster.

4. Framework to ensure the effective performance of duties by Directors of the Company and its subsidiaries

- Officers in charge at the Company made reports on the status of execution of Directors' duties. The Company also fully deliberated the Medium-term business plan in which the next fiscal year is set as the first year (16CSP) and made decisions. During the fiscal year under review the Company held 23 Board of Directors' meetings.

5. Framework for reporting to the Company on matters concerning execution of duties by the Directors, etc., of the subsidiaries of the Company

- The Company received reports on actual results from subsidiaries every month and conducted quarterly and annual reviews. In addition, the Company has dispatched Directors and Audit & Supervisory Board Members to major subsidiaries. The Company held three meetings of the Global Executive Management Committee to make necessary reports and deliberation.

6. Matters relating to employees that assist the Audit & Supervisory Board Members of the Company upon the request of such Audit & Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors of the Company and matters relating to effectiveness of directions given to such employees of the Audit & Supervisory Board Members of the Company to be ensured

- The Company has established the office of Audit & Supervisory Board Members and has allocated two dedicated employees and one non-dedicated employee. In addition, the Company shall ensure independence from execution based on internal corporate regulations, and ensure effectiveness of directions from the Audit & Supervisory Board Members to such employees.

7. Framework regarding reports by Directors and employees of the Company to Audit & Supervisory Board Members of the Company, and reports by Directors and employees of the subsidiaries of the Company or personnel who have received reports from them to the Audit & Supervisory Board Members of the Company

- The Company made arrangements so that the Audit & Supervisory Board Members can exchange opinions with Directors, Executive Officers and employees as necessary. In addition, the Company secured opportunities for Audit & Supervisory Board Members to attend the Executive Management Committee and the Global Compliance Committee. The Company further made reports on the status relating to compliance, internal reporting and results of investigation to the Audit & Supervisory Board Members.

8. **Framework to ensure that any personnel who have made a report to the Audit & Supervisory Board Members of the Company will not be subjected to any unfair treatment due to the report made**
   - The Company has established rules concerning the framework supporting duties of the Audit & Supervisory Board Members. The Company has never unfairly treated anyone who made a report to the Audit & Supervisory Board Members for the reason of making such report.

9. **Matters regarding procedures for advance payment of expenses incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company and their reimbursement, and treatment of other expenses or liabilities incurred in connection with execution of the duties**
   - The Company reimbursed required expenses as appropriate upon request from an Audit & Supervisory Board Member.

10. **Other systems to ensure the effectiveness of audit by Audit & Supervisory Board Members of the Company**
    - The Company exchanged opinions with Directors, Executive Officers and employees as necessary upon request from the Audit & Supervisory Board Members and improved effectiveness of audit performed by the Audit & Supervisory Board Members. In addition, the Company secured opportunities for the Audit & Supervisory Board Members to attend the Executive Management Committee and the Global Compliance Committee. In addition, the Company's Audit & Supervisory Board Members held three liaison meetings with Audit & Supervisory Board Members of subsidiaries and affiliates and also held face-to-face meetings with Audit & Supervisory Board Members of the subsidiaries.

III. 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 a large-scale 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 in April 2012, announced in June 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, in addition to the business and capital alliance with Sony Corporation announced in September 2012, the Company made financing of approximately ¥110 billion by issuance of new shares, etc. in July 2013. Through those measures we aim to enhance our corporate value by improving our financial basis and accelerating the accomplishment of Medium-Term Vision.

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 in

April 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 147th Ordinary General Meeting of Shareholders held on June 26, 2015.

(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 147th Ordinary General Meeting of Shareholders held on June 26, 2015.

(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.

(Reference)

The Company resolved at the Board of Directors' meeting held on May 2, 2016 not to renew the Plan and abolish it instead upon the conclusion of the 148th Ordinary General Meeting of Shareholders to be held on June 28, 2016.

IV. Consolidated Statement of Changes in Net Assets (April 1, 2015 to March 31, 2016)

(Millions of yen)

Items	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at the beginning of the year	124,520	90,940	113,817	(1,111)	328,166
Changes during the year					
Dividends from Surplus			(3,422)		(3,422)
Net income attributable to owners of the parent			62,594		62,594
Acquisition of treasury stock				(12)	(12)
Disposal of treasury stock		0		1	1
Net changes in items other than shareholders' equity					–
Net changes during the year	–	0	59,172	(11)	59,161
Balance at the end of the year	124,520	90,940	172,989	(1,122)	387,327

Items	Accumulated other comprehensive income				
	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at the beginning of the year	24,764	(8)	15,285	(12,745)	27,296
Changes during the year					
Dividends from Surplus					
Net income attributable to owners of the parent					
Acquisition of treasury stock					
Disposal of treasury stock					
Net changes in items other than shareholders' equity	183	1	(23,971)	(8,477)	(32,264)
Net changes during the year	183	1	(23,971)	(8,477)	(32,264)
Balance at the end of the year	24,947	(7)	(8,686)	(21,222)	(4,968)

Items	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at the beginning of the year	260	1,532	357,254
Changes during the year			
Dividends from Surplus			(3,422)
Net income attributable to owners of the parent			62,594
Acquisition of treasury stock			(12)
Disposal of treasury stock			1
Net changes in items other than shareholders' equity	168	(36)	(32,132)
Net changes during the year	168	(36)	27,029
Balance at the end of the year	428	1,496	384,283

V. 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: 118
      Names of principal consolidated subsidiaries:
         Olympus Corporation of the Americas, Olympus Europa Holding SE, Olympus Corporation of Asia Pacific Limited
      Change in scope of consolidation
         Newly added consolidated subsidiaries: 1
            Olympus MEA FZ-LLC, which was established in the fiscal year ended March 31, 2016, has been included in consolidated subsidiaries.
         Excluded companies: 16
            Olympus Imaging Corp. and 7 other companies have been excluded from consolidated subsidiaries due to merger with the Company or other consolidated subsidiaries during the fiscal year.
            Altis Co., Ltd., Humalabo Co., Ltd. and 6 other companies have been excluded from consolidated subsidiaries due to liquidation during the fiscal year.

   (2) Status of non-consolidated subsidiaries
      Names of principal non-consolidated subsidiaries:
         Olympus-Supportmate Corp. and 1 other 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.

   (2) Olympus-Supportmate Corp. and 1 other non-consolidated subsidiary 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 policies

(1) Important asset valuation principles and methods

(a) Securities

Held-to-maturity securities	Amortized cost method
Available-for-sale 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 depreciable and amortizable assets

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

Mainly by the straight-line method

Vehicles, tools and fixtures	Mainly based on useful lives as per the Corporation Tax Act
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

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.

(f) Provision for points

To provide for sales allowances for utilization of points granted to customers, the amount that is expected to be utilized in the future is accounted.

(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. In calculating the projected benefit obligation, the benefit formula basis is used to attribute expected benefits to periods up to the end of the fiscal year under review.

Pertaining to past service costs, 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.

Method of assessing hedge effectiveness

The effectiveness is assessed 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 where Olympus Corporation and some consolidated subsidiaries are designated as respective parent companies is adopted.

Changes in Accounting Policy

Application of Accounting Standard for Business Combination, etc.

Effective from the fiscal year ended March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus, and the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the fiscal year ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the consolidated financial statements for the fiscal year to which the date of business combination belongs. In addition, the presentation method for “net income” and other related items has been changed, and the presentation of “minority interests” has been changed to “non-controlling interests.”

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the fiscal year ended March 31, 2016.

The effect of these changes in accounting policies on the consolidated financial statements is immaterial.

Change in Method of Depreciation

Previously, the Company and its consolidated subsidiaries in Japan have used the declining balance method for depreciating property, plant and equipment (excluding lease assets). However, from the fiscal year ended March 31, 2016, this has been changed to the straight-line method.

To achieve the basic strategy of the “Medium-Term Vision” announced by the Group in June 2012, of rebuilding of the business portfolio and optimal allocation of management resources, the Group has positioned the business domains of the Medical Systems Business, Scientific Solutions Business (formerly the Life Science and Industrial Systems Business), and the Imaging Systems Business, and has also set a clear policy of strategically concentrating management resources in the core Medical Systems Business.

As part of this strategy, the Group conducted management integration and shifted to a new organization structure in April 2015, thereby transitioning from the in-house company system with three highly independent businesses, the Medical Systems Business, the Scientific Solutions Business, and the Imaging Systems Business, to a business operation structure that facilitates concentrated allocation of management resources in the Medical Systems Business. In doing so, the Group has reexamined its depreciation method in order to reflect the usage status of its property, plant and equipment more appropriately.

The Medical Systems Business is the Group’s core business and the majority of the Group’s property, plant and equipment in Japan are allocated to it. In the reorganization of the production system of the Medical

Systems Business, the Group plans to transfer production of certain medical therapeutic devices overseas, while conducting stable production in Japan in high-value-added fields such as gastrointestinal endoscopes. Furthermore, from the fiscal year ended March 31, 2016, the new buildings in the main production sites in Japan will successively start operations, and the relative proportion of depreciation for buildings within overall depreciation cost will increase. Given this situation, the Group expects to conduct stable, long-term operation of its property, plant and equipment in Japan in general, and has therefore changed the method of depreciation by uniformly adopting the straight-line method.

As a result, compared with the results under the previous method, operating income and ordinary income and income before provision for income taxes have increased by ¥3,637 million respectively.

Notes to Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment

¥281,999 million

2. Contingent liabilities

(1) Liabilities for guarantees

Guaranteed party	Description of guarantee	Amount
Sony Olympus Medical Solutions Inc.	Bank loans	¥5,915 million
Employees	Housing fund loans, etc.	¥34 million
Total		¥5,949 million

(2) Lawsuits, etc.

As a result of inappropriate financial reporting by the Company, certain shareholders and shareholder groups, etc. claimed compensation for damages from the Company or filed lawsuits against the Company. Among these the Company has recorded provision for loss on litigation for some portion of these claims by lawsuits. Moreover, although there is a possibility that other claims by lawsuits and claims for compensation for damage may have an impact on the Company's financial results by providing related reserves depending on future developments pertaining to the claims, it is 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, 2016, 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.

3. Notes receivable discounted ¥123 million

(including discounted bills of exchange for export ¥123 million)

4. 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

1. Class and total number of issued shares at the end of the current fiscal year
   Common stock 342,671,508 shares

2. Items concerning dividends
   (1) Paid dividends

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2015	Common stock	3,422	10	March 31, 2015	June 29, 2015

   (2) Dividends whose record date falls in the current fiscal year and which have an effective date in the next fiscal year
   It is proposed that at the Ordinary General Meeting of Shareholders to be held on June 28, 2016, the following matters regarding dividends will be brought up for resolution.

Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Common stock	5,818	Retained earnings	17	March 31, 2016	June 29, 2016

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, 2016 (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 determine are not included (please refer to Note 2).

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Variance
(1) Cash and time deposits	166,554	166,554	–
(2) Notes and accounts receivable	140,666	140,666	–
(3) Investment securities	67,871	67,871	–
Total assets	375,091	375,091	–
(4) Notes and accounts payable	40,597	40,597	–
(5) Short-term borrowings	6,656	6,656	–
(6) Bonds (including current maturities of bonds)	55,000	55,614	614
(7) Long-term borrowings, less current maturities (including current maturities of long-term borrowings)	259,482	268,603	9,121
Total liabilities	361,735	371,470	9,735
(8) Derivatives	217	217	–

* 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 determining 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 value is nearly equal to their book value. 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 determine

(Millions of yen)

Classification	Consolidated balance sheet amount
(1) Unlisted shares	177
(2) Other	1,147
Total	1,324

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 determine their fair value.

Per-Share Information

1. Net assets per share ¥1,117.24
2. Net income per share ¥182.90

Significant Subsequent Events

No items to report

Other Notes

1. Business restructuring expenses

The "business restructuring expenses" of ¥1,209 million represents expenses incurred in restructuring operations in order to better cope with the shrinking market in which the Imaging Systems Business operates, and other changes in that regard.

2. Loss related to securities litigation

The Company has received claims for compensation for damages from several individual and institutional investors, for losses sustained as a result of the Company's false statements for the purpose of postponing recognition of losses in the Annual Securities Reports, Semi-Annual Securities Reports and Quarterly Securities Reports for the period from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012. ¥2,072 million in "Loss related to securities litigation" represents losses relating to these claims for compensation for damages and the main component is settlement packages.

3. Loss related to the U.S. Anti-kickback Statute

The U.S. Department of Justice ("DOJ") investigated Olympus Corporation of the Americas ("OCA") for conduct raising concerns under the U.S. Anti-Kickback Statute and U.S. False Claims Act by OCA's medical business in the United States between 2006 and 2011. On February 29, 2016, OCA entered into a Deferred Prosecution Agreement with the DOJ in connection with this matter. On February 29, 2016, OCA also entered into a Civil Settlement Agreement with the DOJ in connection with this matter.

Beginning in October 2011, the DOJ conducted an investigation into alleged violations of the U.S. Foreign Corrupt Practices Act by the medical business of Olympus Latin America, Inc. ("OLA"), an indirect U.S.

subsidiary of Olympus Corporation, and Olympus Optical do Brasil, Ltda., a Brazilian subsidiary of OLA ("OBL"). On February 29, 2016, OLA and certain of Olympus Corporation's other subsidiaries, including OCA, entered into a Deferred Prosecution Agreement with the DOJ in connection with this matter.
The Company recorded ¥18,814 million for "Loss related to the U.S. Anti-kickback Statute" to reflect criminal penalties, civil fines and interest in that regard in light of the agreements.

4. Business combination

Transactions under common control

On April 1, 2015, the Company succeeded to the medical systems business of its wholly owned subsidiary Olympus Medical Systems Corp. (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in individual countries) by an absorption-type split, and absorbed its wholly owned subsidiary Olympus Imaging Corp. by an absorption-type merger. In addition to the above reorganization, the Company also conducted an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. These actions were in accordance with resolutions of a Board of Directors' meeting held on December 19, 2014.

1. Overview of transactions

(1) Absorption-type split

(i) Name and description of business involved in combination

Name of business	Medical Systems Business
Description of business	Manufacture and sales of medical endoscopes and other medical devices (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in individual countries.)
Total assets	¥143,544 million
Liabilities	¥106,397 million
Net assets	¥37,147 million

(ii) Date of business combination

April 1, 2015

(iii) Legal form of business combination

Absorption-type split in which Olympus Medical Systems Corp. becomes a splitting company and the Company becomes the succeeding company.

(iv) Name of company after combination

Olympus Corporation

(2) Absorption-type merger

(i) Name of companies involved in the merger and description of their business

Names of companies

Olympus Imaging Corp.

Description of business	Manufacture and sales of digital cameras and others
Total assets	¥39,298 million
Liabilities	¥30,485 million
Net assets	¥8,813 million

Olympus Intellectual Property Services Co., Ltd.

Description of business	Research and analysis on, and management of, intellectual property rights
Total assets	¥269 million
Liabilities	¥156 million
Net assets	¥113 million

(ii) Date of business combination

April 1, 2015

(iii) Legal form of business combination

Absorption-type merger in which the Company becomes the surviving company, and Olympus Imaging Corp. and Olympus Intellectual Property Services Co., Ltd. become disappearing companies

(iv) Name of company after combination

Olympus Corporation

(3) Description of transaction including purpose of the transaction

The Company seeks to promote its Medium-Term Vision, further advance One Olympus to achieve further growth under its next medium and long-term management plan, and achieve optimal allocation and maximum utilization of companywide management resources. To this end, the Company reviewed its business unit structure and other aspects in the Medical Systems and Imaging Systems Businesses, and consequently conducted a reorganization between itself and two companies: namely the Medical Systems business unit, Olympus Medical Systems Corp., and the Imaging business unit, Olympus Imaging Corp. Moreover, in addition to the above reorganization, the Company also took steps to streamline the Group's intellectual property operations, and strengthen their functions, by conducting an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. at the same time.

2. Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, announced on December 26, 2008) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, announced on December 26, 2008).

5. Adjustment of deferred tax assets and deferred tax liabilities due to change in corporation tax rates

   Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) on March 29, 2016 in the Diet, the corporation tax rates was changed for the fiscal years beginning on or after April 1, 2016. In line with these changes, the effective tax rate used to measure deferred tax assets and liabilities was changed from the previous rate of 32.3% to 30.9% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016 and April 1, 2017, and to 30.6% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2018.

   As a result of the impact from this tax rate change, deferred tax assets (net of deferred tax liabilities) decreased by ¥507 million and income taxes, deferred, increased by ¥792 million, net unrealized holding gains/losses on available-for-sale securities increased by ¥501 million and remeasurements of defined benefit plans decreased by ¥216 million.

VI. Non-Consolidated Statement of Changes in Net Assets (April 1, 2015 to March 31, 2016)

(Millions of yen)

Items	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of the year	124,520	90,940	–	90,940
Changes during the year				
Dividends from Surplus				
Net income				
Acquisition of treasury stock				
Disposal of treasury stock			0	0
Reversal of reserve for advanced depreciation				
Net changes in items other than shareholders' equity				
Net changes during the year	–	–	0	0
Balance at the end of the year	124,520	90,940	0	90,940

Items	Shareholders' equity			
	Retained earnings			Treasury stock, at cost
	Other retained earnings		Total retained earnings	
	Reserve for advanced depreciation	Retained earnings carried forward		
Balance at the beginning of the year	1,687	32,487	34,174	(1,111)
Changes during the year				
Dividends from Surplus		(3,422)	(3,422)	
Net income		102,968	102,968	
Acquisition of treasury stock				(12)
Disposal of treasury stock				1
Reversal of reserve for advanced depreciation	(359)	359	–	
Net changes in items other than shareholders' equity				
Net changes during the year	(359)	99,904	99,545	(11)
Balance at the end of the year	1,328	132,391	133,719	(1,122)

Items	Shareholders' equity	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Total shareholders' equity	Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	Net unrealized gains (losses) on hedging derivatives, net of taxes	Total valuation and translation adjustments		
Balance at the beginning of the year	248,523	23,758	–	23,758	260	272,541
Changes during the year						
Dividends from Surplus	(3,422)					(3,422)
Net income	102,968					102,968
Acquisition of treasury stock	(12)					(12)
Disposal of treasury stock	1					1
Reversal of reserve for advanced depreciation	–					–
Net changes in items other than shareholders' equity		406	(7)	399	168	567
Net changes during the year	99,534	406	(7)	399	168	100,101
Balance at the end of the year	348,057	24,164	(7)	24,157	428	372,642

VII. Notes to Non-Consolidated Financial Statements

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) Available-for-sale 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)
      Straight-line method
      (a) Vehicles, tools and fixtures — Based on useful lives as per the Corporation Tax Act
      (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 Corporation Tax Act

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

(6) Provision for points

To provide for sales allowances for utilization of points granted to customers, the amount that is expected to be utilized in the future is accounted.

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) Method of assessing hedge effectiveness

The effectiveness is assessed 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.

Changes in Accounting Policy

Application of Accounting Standard for Business Combination, etc.

Effective from the fiscal year ended March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording acquisition-related costs was changed to one in which they are recognized as expenses for the fiscal year in which they are incurred. Furthermore, for business combinations carried out on or after the beginning of the fiscal year ended March 31, 2016, the accounting method was changed to one in which the reviewed acquisition cost allocation resulting from the finalization of the provisional accounting treatment is reflected in the financial statements for the fiscal year to which the date of business combination belongs. Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the fiscal year ended March 31, 2016. This application has no impact on profit and loss for the fiscal year ended March 31, 2016.

Change in Method of Depreciation

Previously, the Company has used the declining balance method for depreciating property, plant and equipment (excluding lease assets). However, from the fiscal year ended March 31, 2016, this has been changed to the straight-line method.

To achieve the basic strategy of the “Medium-Term Vision” announced by the Group in June 2012, of rebuilding of the business portfolio and optimal allocation of management resources, the Group has positioned the business domains of the Medical Systems Business, Scientific Solutions Business, and the Imaging Systems Business, and has also set a clear policy of strategically concentrating management resources in the core Medical Systems Business.

As part of this strategy, the Group conducted management integration and shifted to a new organization structure in April 2015, thereby transitioning from the in-house company system with three highly independent businesses, the Medical Systems Business, the Scientific Solutions Business, and the Imaging Systems Business, to a business operation structure that facilitates concentrated allocation of management resources in the Medical Systems Business. In doing so, the Group has reexamined its depreciation method in order to reflect the usage status of its property, plant and equipment more appropriately.

The Medical Systems Business is the Group’s core business and the majority of the Group’s property, plant and equipment in Japan are allocated to it. In the reorganization of the production system of the Medical Systems Business, the Group plans to transfer production of certain medical therapeutic devices overseas, while conducting stable production in Japan in high-value-added fields such as gastrointestinal endoscopes. Furthermore, from the fiscal year ended March 31, 2016, the new buildings in the main production sites in Japan will successively start operations, and the relative proportion of depreciation for buildings within overall depreciation cost will increase. Given this situation, the Group expects to conduct stable, long-term operation of its property, plant and equipment in Japan in general, and has therefore changed the method of depreciation of the Group by uniformly adopting the straight-line method. In addition, the method for depreciating property, plant and equipment of the Company has been also changed to the straight-line method.

As a result, compared with the results under the previous method, operating income has increased by ¥2,777 million, and ordinary income and income before provision for income taxes have increased by ¥3,364 million respectively.

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation for property, plant and equipment ¥125,567 million

2. Contingent liabilities

   (1) Liabilities for guarantees ¥10,867 million

   The above amount includes ¥10,833 million in contracted guarantees to subsidiaries and affiliates.

   (2) Lawsuits, etc.

   As a result of inappropriate financial reporting by the Company, certain shareholders and shareholder groups, etc. claimed compensation for damages from the Company or filed lawsuits against the Company. Among these the Company has recorded provision for loss on litigation for some portion of these claims by lawsuits. Moreover, although there is a possibility that other claims by lawsuits and claims for compensation for damage may have an impact on the Company's financial results by providing related reserves depending on future developments pertaining to the claims, it is 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, 2016, 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.

3. Short-term monetary claims to subsidiaries and affiliates ¥105,586 million

4. Long-term monetary claims to subsidiaries and affiliates ¥10,982 million

5. Short-term monetary liabilities to subsidiaries and affiliates ¥77,026 million

6. Discounted bills of exchange for export ¥123 million

7. 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 that is commission fees related to Receiver Funds, and included as an excess amount in "Long-term accounts receivable-other" 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	¥313,394 million
Net purchases	¥201,907 million
Other business transactions	¥30,833 million
Amount resulting from non-business transactions	¥4,949 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

2. Class and total number of treasury shares at the end of the current fiscal year
   Common stock 436,607 shares
   Treasury share of common stock at the end of the current fiscal year increased by 2,371 as a result of the purchase of shares constituting less than one unit.

Tax Effect Accounting

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

Deferred tax assets	
Inventories	¥4,370 million
Prepaid expenses	¥6,877 million
Accrued bonuses	¥3,108 million
Fixed assets	¥8,036 million
Investment securities	¥3,920 million
Investment securities in subsidiaries and affiliates	¥7,966 million
Provision of allowance for doubtful accounts	¥4,388 million
Other current liabilities	¥5,257 million
Loss brought forward	¥20,039 million
Subtotal of deferred tax asset	¥63,961 million
Valuation allowance	¥(35,380) million
Total deferred tax assets	¥28,581 million
Deferred tax liabilities	
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes	¥(9,352) million
Reserve for advanced depreciation	¥(586) million
Prepaid pension expenses	¥(5,241) million
Other	¥(222) million
Total deferred tax liabilities	¥(15,401) million
Net deferred tax assets	¥13,180 million

2. Additional Information

Following the enactment of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016), and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 13 of 2016) on March 29, 2016 in the Diet, the corporation tax rates was changed for the fiscal years beginning on or after April 1, 2016. In line with these changes, the effective tax rate used to measure deferred tax assets and liabilities was changed from the previous rate of 32.3% to 30.9% for temporary differences expected to be eliminated in the fiscal year beginning on April 1, 2016 and April 1, 2017, and to 30.6% for temporary differences expected to be eliminated in the fiscal years beginning on or after April 1, 2018.

As a result of the impact from this tax rate change, deferred tax liabilities (net of deferred tax assets) have decreased by ¥80 million and income taxes, deferred increased by ¥420 million, and net unrealized holding gains on available-for-sale securities increased by ¥500 million.

Leased Fixed Assets

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

Transactions with Related Party

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	Waiver of claims (Note 1)	4,518	—	—
	Humalabo Co., Ltd.	Direct Ownership 87.3	Financial support Interlocking of officers	Waiver of claims (Note 1)	5,521	—	—
	Olympus Corporation of the Americas	Ownership 100.0	Financial support Interlocking of officers	Underwriting of capital increase (Note 2)	35,196	—	—
	Olympus Biotech International Ltd.	Direct Ownership 100.0	Financial support	—	—	Claims provable in bankruptcy, claims provable in rehabilitation and other (Note 3)	3,793

Terms of transactions and method for determining them

Notes: 1. The waiver of claims was made based on a special settlement.

2. The underwriting of capital increase related to capital increase conducted by Olympus Corporation of the Americas.

3. With regard to total claims provable in bankruptcy, claims provable in rehabilitation and other, the Company recognized an allowance for doubtful accounts.

Per-Share Information

1. Net assets per share ¥1,087.60
2. Net income per share ¥300.87

Significant Subsequent Events

No items to report

Notes on Company Subject to Consolidated Dividend Regulations

The Company is subject to consolidated dividend regulations.

Other Notes

1. Business restructuring expenses

   The “business restructuring expenses” of ¥983 million represents expenses incurred in restructuring operations in order to better cope with the shrinking market in which the Imaging Systems Business operates, and other changes in that regard.

2. Loss related to securities litigation

   The Company has received claims for compensation for damages from several individual and institutional investors, for losses sustained as a result of the Company’s false statements for the purpose of postponing recognition of losses in the Annual Securities Reports, Semi-Annual Securities Reports and Quarterly Securities Reports for the period from the fiscal year ended March 31, 2001 through the first quarter of the fiscal year ended March 31, 2012. ¥2,072 million in “Loss related to securities litigation” represents losses relating to these claims for compensation for damages and the main component is settlement packages.

3. Business combination

   Transactions under common control

   On April 1, 2015, the Company succeeded to the medical systems business of its wholly owned subsidiary Olympus Medical Systems Corp. (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in individual countries) by an absorption-type split, and absorbed its wholly owned subsidiary Olympus Imaging Corp. by an absorption-type merger. In addition to the above reorganization, the Company also conducted an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. These actions were in accordance with resolutions of a Board of Directors’ meeting held on December 19, 2014.

   1. Overview of transactions

   (1) Absorption-type split

   (i) Name and description of business involved in combination

Name of business	Medical Systems Business
Description of business	Manufacture and sales of medical endoscopes and other medical devices (except for part of the manufacturing functions and part of the functions for responding to the laws and regulations for medical devices in individual countries.)
Total assets	¥143,544 million
Liabilities	¥106,397 million
Net assets	¥37,147 million

   (ii) Date of business combination

   April 1, 2015

   (iii) Legal form of business combination

   Absorption-type split in which Olympus Medical Systems Corp. becomes a splitting company and the Company becomes the succeeding company.

   (iv) Name of company after combination

   Olympus Corporation

(2) Absorption-type merger

(i) Name of companies involved in the merger and description of their business

Names of companies

Olympus Imaging Corp.

Description of business	Manufacture and sales of digital cameras and others
Total assets	¥39,298 million
Liabilities	¥30,485 million
Net assets	¥8,813 million

Olympus Intellectual Property Services Co., Ltd.

Description of business	Research and analysis on, and management of, intellectual property rights
Total assets	¥269 million
Liabilities	¥156 million
Net assets	¥113 million

(ii) Date of business combination

April 1, 2015

(iii) Legal form of business combination

Absorption-type merger in which the Company becomes the surviving company, and Olympus Imaging Corp. and Olympus Intellectual Property Services Co., Ltd. become disappearing companies

(iv) Name of company after combination

Olympus Corporation

(3) Description of transaction including purpose of the transaction

The Company seeks to promote its Medium-Term Vision, further advance One Olympus to achieve further growth under its next medium and long-term management plan, and achieve optimal allocation and maximum utilization of companywide management resources. To this end, the Company reviewed its business unit structure and other aspects in the Medical Systems and Imaging Systems Businesses, and consequently conducted a reorganization between itself and two companies: namely the Medical Systems business unit, Olympus Medical Systems Corp., and the Imaging business unit, Olympus Imaging Corp. Moreover, in addition to the above reorganization, the Company also took steps to streamline the Group’s intellectual property operations, and strengthen their functions, by conducting an absorption-type merger with its wholly owned subsidiary Olympus Intellectual Property Services Co., Ltd. at the same time.

2. Outline of accounting treatment applied

These transactions were treated as transactions under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21, announced on December 26, 2008) and Guidance on Accounting Standard for Business Combinations and Business Divestitures (ASBJ Guidance No. 10, announced on December 26, 2008). As a result of applying this treatment to the statement of income for the fiscal year ending March 31, 2016, ¥31,716 million in gain on extinguishment of tie-in shares is expected to be recorded as extraordinary income and ¥139 million in loss on extinguishment of tie-in shares is expected to be recorded as extraordinary losses.