

August 4, 2005

Olympus and Terumo to Strengthen their Business Partnership

Olympus Corporation
Terumo Corporation

Olympus Corporation and Terumo Corporation are pleased to announce that they have agreed to strengthen their business partnership.

The two companies signed a comprehensive partnership agreement covering the development of medical equipment in 2001. Since then three products have been brought to market as a result of joint development initiatives. Olympus and Terumo now aim to strengthen their partnership and expand their areas of collaboration, leading to the development of revolutionary medical equipment based on Japanese technologies invented in Japan. They also aim to share their management resources and market advantages at all levels from manufacturing operations to intellectual property, distribution systems and user support systems, to enhance their competitiveness in global markets.

To advance the business partnership at the management level, Olympus and Terumo intend to form a capital partnership. As stated above, the aim of this relationship is to strengthen the partnership, and Olympus and Terumo are not considering other actions, such as a future merger or the establishment of a holding company.

● Background

The world market for medical equipment is expected to remain on an expansionary trend because of factors that include the continuing growth of the aged population in advanced industrialized countries, and improvements in the standard of medical services in developing countries. At the same time, there is a concern about the diversification of medical needs and the rising cost of medical services. These factors are reflected in expectations toward the development of new minimally invasive technologies that can reduce the cost of medical care while also minimizing the physical impact on patients.

Olympus and Terumo decided to strengthen the business partnership that they formed in 2001 to allow them to respond more flexibly to medium-term and long-term changes in the business environment, including market conditions and social needs. In the spring of 2005, the two companies formed a task force team to consider the further reinforcement of this relationship. This team has explored opportunities for collaboration beyond the scope of the existing business framework. The result of this work is a shared view that Olympus, which is Japan's leading manufacturer of diagnostic and therapeutic equipment for the digestive system, and Terumo, which is a leader in the field of diagnostic and therapeutic equipment for the cardiovascular system, can further strengthen their global competitiveness by sharing their core technologies and wide-ranging knowledge, based on their common commitment to the development of minimally invasive medical technology.

Olympus will allocate 6,811,000 shares to Terumo by means of third-party allocation, while Terumo will allocate 4,715,400 shares to Olympus from its treasury stock. Both transfers will take place on August 22.

● **Future Developments**

The two companies are still consulting about specific areas of collaboration and future plans for their strengthened partnership. Their aim is to identify ways in which they can contribute to society and provide new value in terms of minimally invasive and economically effective medicine, through wide-ranging research based on patient perspectives and disease management perspectives. For example, they will develop new medical equipment in such fields as cardiovascular system disease, cancer and bone disease (orthopedic surgery).

Specific areas of collaboration are likely to include instruments for the endoscopic treatment of heart disease using various forms of energy, such as ultrasound and lasers, equipment for use in the treatment of digestive system diseases, such as colorectal cancer, pancreatic cancer, and minimally invasive systems for the treatment of liver cancer and other conditions, and bone replacement materials and related systems. The size of the market for newly developed equipment in these fields varies but is expected to reach 40 to 100 billion yen in the future. The two companies will also consider collaboration on the development of new overseas market and the establishment of new markets for existing products.

To ensure that the partnership yields the anticipated benefits, the two companies will form a management-level Strategic Partnership Committee (provisional name). Its task will be to explore new business opportunities and monitor progress at regular intervals.

● Profile of Olympus Corporation

Head Office:	Shinjuku Monolith, 3-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo
Establishment:	1919
Paid-in Capital:	40,832 millions of yen
Principal officer:	Tsuyoshi Kikukawa (President)
Consolidated Net Sales:	813,538 millions of yen (End of March, 2005)
Number of Employees:	30,339 (Group, End of March, 2005)
Business activities:	Manufacturing and sales of equipment and devices relating to the fields of medical and healthcare, imaging and information, industrial applications, information and communication business: medical endoscopes, biological and industrial microscopes, clinical analyzers, reagents, digital cameras, film cameras, IC recorders, magneto-optical disc drives, barcode scanners, industrial endoscopes, others.

Olympus developed Japan's first gastric endoscope in 1950. Since then it has developed a wide range of fiberscopes and videoscopes, as well as endoscopic instruments that allow clinicians to carry out medical procedures while directly observing the inside of the human body. As the world leader in the field of endoscopy, in terms of both technology and market share, Olympus continues to make an important contribution to the early detection and treatment of cancer and other medical conditions.

● Profile of Terumo Corporation

Head Office:	44-1, Hatagaya 2-chome, Shibuya-ku, Tokyo
Establishment:	1921
Paid-in Capital:	38,716 millions of yen
Principal officer:	Takashi Wachi(Chairman and CEO)
Consolidated Net Sales:	230,003 millions of yen (End of March, 2005)
Number of Employees:	9,624 (Group, End of March, 2005)
Business activities:	Manufacture and sales of medical products and equipment, including pharmaceuticals, nutritional food supplement, blood bags, disposable medical devices, cardiovascular systems, peritoneal dialysis, blood glucose monitoring system, medical electronic, and digital thermometers.

Terumo is a leading manufacturer of disposable medical devices, such as syringes and IV administration sets. It has the biggest share of the world markets for angiography guide wires and artificial heart-lung systems and is a leading developer of advanced medical devices, such as catheters and stents for use in the treatment of blood vessels, as well as the ventricular assist system which is under development.

● **Third-Party Allocation**

- Number of shares 6,811,000 shares of common stock
- Issuing price 2,202 yen per share
- Total value of issue 14,997,822,000 yen
- Capitalization amount 1,101yen
- Application date August 22, 2005
- Payment date August 22, 2005
- Dividend calculation date April 1, 2005
- Recipient of allocation, number of shares allocated Terumo Corporation
6,811,000 shares of common stock

➤ **Changes in Total Number of Shares Issued as a Result of the Issue**

Current number of shares issued and outstanding	264,472,608 shares
Increase due to new issue	6,811,000 shares
Total number of shares issued and outstanding after issue	271,283,608 shares

For further information, please contact:

PR and IR Dept., Olympus Corporation

Phone: 03-3340-2285 Fax: 03-3340-2130

<http://www.olympus.co.jp/>

Corporate Communication / IR Dept., Terumo Corporation

Phone: 03-3374-8306 Fax: 03-3374-8320

<http://www.terumo.com/>