

## **PRESS RELEASE**

# **Any dilutive capital raising by incumbent Olympus board unnecessary and unacceptable**

Tokyo/London, December 19, 2011--- Southeastern Asset Management (Southeastern) welcomes the commitment by Olympus President and CEO Shuichi Takayama on December 15 to hold an Extraordinary General Meeting (EGM) in March or April at the latest to elect a new board, but is extremely concerned by indications that the incumbent board may be considering a third-party allotment of new shares before the EGM.

Our position is as follows:

- No capital raising should be decided by the incumbent board; any decisions on capital raising must be made by the new board
- Any decision to issue new shares to a third party ahead of the EGM would likely be seen as a tactic to dilute the voting power of existing shareholders
- The incumbent board should not be allowed to sell off Olympus' independence on the cheap to protect its own interests
- Allowing it to do so would deal a severe blow to the reputation of Japan's capital markets and corporate governance
- The potential range of liability from shareholder legal action in response to management's fraudulent activities must to be taken into account

Olympus is solvent, has strong cash in hand and has the potential to generate significant free cash flow. Although its financial position has deteriorated as a result of the actions of previous and incumbent management, the company does not need to rush into raising new capital and giving up its proud history of independence. Olympus possesses outstanding technological expertise and world-leading businesses that could allow it to earn its way out of the financial situation. It is capable of surviving as an independent entity.

Any decisions on whether capital is needed and how to raise it should not be made hastily by the incumbent, discredited board, which has clear conflicts of interest. Southeastern understands that, in ordinary circumstances, listing rules would make it possible to issue up to 25% of shares outstanding to a third party without shareholder approval. However, the situation at Olympus is far from ordinary. The current board and management do not have the credibility or trust required for such action.

This is particularly true of any decision to issue new equity prior to the EGM. Such action will dilute current shareholders while bringing in a friendly party likely to support incumbent management on director proposals at the EGM. This will be seen as a last, desperate attempt by the existing board to keep their positions and distort a fair and open EGM process. Issuing new shares for up to 25% of the company to a new shareholder under such circumstances would be de facto selling control of Olympus given the direct and indirect influence the new shareholder would wield.

Southeastern believes that Olympus should not be sold off on the cheap to anyone—Japanese or non-Japanese—under any circumstances. If the incumbent board is allowed to sell off the company's independence cheaply to protect its own interests, it will deal a severe blow to the reputation of Japan's capital markets and corporate governance.

If the situation is handled well we believe legal action by shareholders who have suffered loss due to the years long fraud will be less likely and potential liability to the company less worrisome. If the situation is handled in a fractious and high-handed manner by the incumbent board the potential for legal liability to be larger and have a negative impact on company operations increases substantially.

Southeastern therefore asks Mr. Takayama to publicly reassure existing shareholders without delay that he has no intention of carrying out a dilutive capital-raising prior to the EGM and that any decisions on capital raising will be left to the new board.



**About Southeastern:**

Southeastern Asset Management is a Memphis, Tennessee based investment firm that manages funds that have been invested in Olympus Corporation since 2004, with a current stake in the company of approximately 5%.

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