



Medium Term Management Plan

Next 100 – Transform to Grow

Conference in Tokyo (May14, 2015)

NIKON CORPORATION

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account. The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.



1. 2015/3 Review

2. Medium Term Management Plan Update

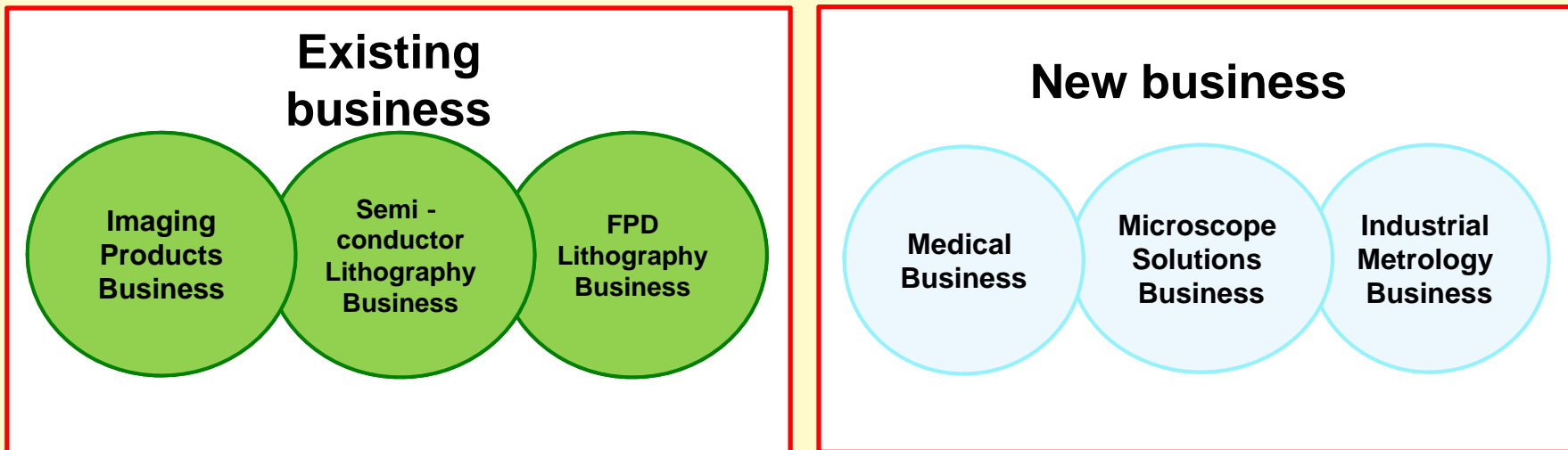
- ◆ Basic Policy
- ◆ Management Numerical Targets
- ◆ Business Strategy

3. Financial Strategy

Review of Nikon Corporation

Medium Term Management Plan was laid out in June 2014.

The Plan aims to revolutionize business portfolio to transform into a growing company in another 100 years after the 100th anniversary. To this end, several programs were commenced to achieve both existing business strengthening and new business development.



Review of Nikon Corporation

Progress of 2015/3

- Existing business strengthening
 - Imaging Products Business suffered from larger-than-expected DSC market contraction, thus did not reach the performance target.
 - Semiconductor Lithography Business persistently promoted cost reduction efforts, but did not generate profit due to failure to meet the sales volume target.
 - FPD Lithography Business maintained strong competitiveness and high profitability.
- New business development
 - Medical Business embarked on the acquisition of Optos plc, establishing a major footprint in the medical sector.
 - Microscope Solutions Business decided to launch the regenerative medicine contract manufacturing along with commencement of stem cell business.
 - Industrial Metrology Business started outsourcing solution software development.
 - Instruments Business total sales grew 11% year on year, achieving the profit.



Review of numerical targets

Billions of yen		2015/3	
		Plan	Actual
Performance Targets	Net Sales	940.0	857.7
	Operating Income	63.0	43.4
Net Sales	Precision Equipment Business	210.0	170.7
	Imaging Products Business	630.0	586.0
	Other	19.0	8.3
	Other	66.0	56.6
Operating Income	Instruments Business	70.0	72.3
	Other	1.0	1.1
	Other	30.0	28.6
	Other	5.0	6.7

Corporate performance targets not achieved due to reduced sales in Semiconductor Lithography Business and Imaging Products Business

Approx. ¥150B net cash secured (March 31, 2015)

Healthy financial standings maintained

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Basic Policy

Next 100 – Transform to Grow

To be a corporate entity having 6-business portfolio
for sustainable growth

Updated Medium Term Management Plan is unchanged for 3 years.

Following basic policy is maintained:

Nikon will transform into a corporate entity with sustainable long term growth by restructuring our portfolio of six businesses: pursuing improved efficiency in existing businesses by maintaining stable income of FPD Lithography Business and Imaging Products Business, and by turning Semiconductor Lithography Business into black; and by focusing on growing Microscope Solutions Business, Industrial Metrology Business, and Medical Business.



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As some deviations are seen from our original assumptions in 2015/3 performance and current business environment, 3-year business environment outlook and sales/income plans are revised for Medium Term Management Plan: the numerical targets are downgraded.

Revision overview:

◆ Existing businesses

- For Imaging Products Business, the expected market size is revised due to market contraction.
- For Semiconductor Lithography Business, more time is needed to expand the market share of ArF immersion scanners.
- FX Assumptions are revised.

◆ New businesses

- For Medical Business, the growth scenario is revised for planned fiscal years.

Basic Policy

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In 2016/3 and 2017/3, Nikon aims to ensure stabilized income in existing businesses and to invest in growing businesses, in a bid to elevate ourselves to a higher growth phase in 2018/3.

- ◆ Existing businesses to ensure stabilized income
 - Further efficiency improvement through cost reduction efforts
 - Investment for returning to the growth path in/after 2018/3.

- ◆ Investment in growing businesses
 - Continuous investments for further growth.



No change in “4 programs to achieve transformation”

M&A Program

- M&A: 200 billion yen
- Launch CVC with 30 billion yen

R&D Program

- R&D: 220 billion yen
of which 50 billion yen to be
invested in medical and new
businesses

Human Resources Program

- Enable the inter-divisional
flow of personnel
- Hire experienced experts

Cost Reduction Program

- Reduce costs in design and
manufacturing processes
- Rebuild our business portfolio
- Fundamentally review
production regime

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Management Numerical Targets

Billions of yen		2015/3	2016/3	2017/3	2018/3
Performance Targets	Net Sales	857.7	860.0	890.0	990.0
	Operating Income	43.4	30.0	38.0	65.0
	(Before goodwill depreciation)	(44.1)	(33.0)	(44.0)	(80.0)
	Operating Margin	5.1%	3.5%	4.3%	6.6%
	(Before goodwill depreciation)	(5.1%)	(3.9%)	(5.0%)	(8.1%)
FX Assumptions (vs Yen)	USD	109.8	115	115	115
	EUR	138.7	130	130	130



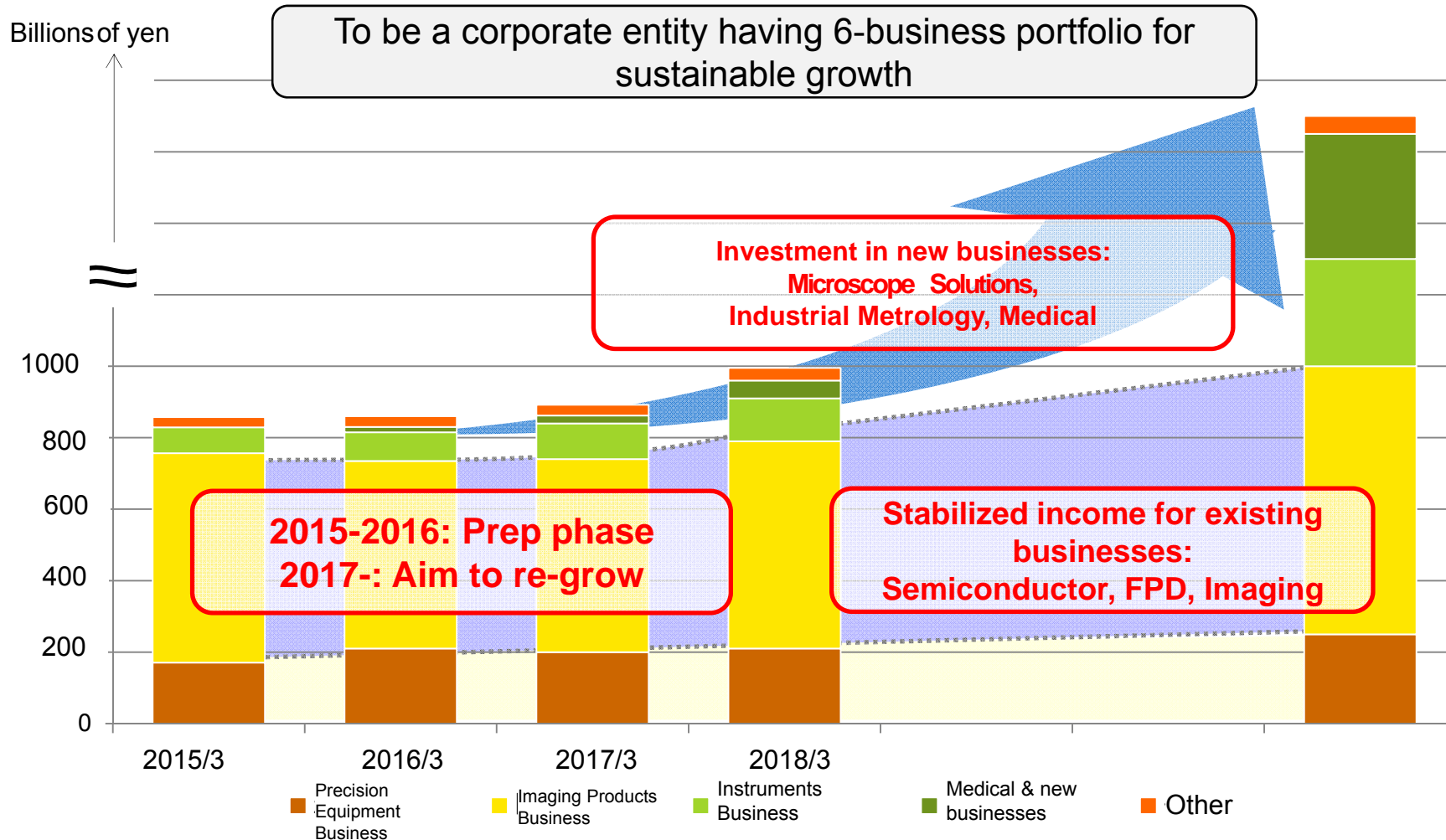
Management Numerical Targets (By Business)

Billions of yen		2015/3	2016/3	2017/3	2018/3
Net Sales	Corporate	857.7	860.0	890.0	990.0
	Precision Equipment Business	170.7	210.0	200.0	210.0
	Imaging Products Business	586.0	525.0	530.0	570.0
	Instruments Business	72.3	80.0	100.0	120.0
	Medical & new businesses	0	15.0	24.0	50.0
	Other	28.6	30.0	36.0	40.0
Operating Income	Corporate	43.4	30.0	38.0	65.0
	Precision Equipment Business	8.3	20.0	18.5	27.0
	Imaging Products Business	56.6	38.0	42.0	55.0
	Instruments Business	1.1	2.0	6.0	10.0
	Medical & new businesses	0	-6.0	-6.0	-9.0
	Other	6.7	4.0	4.5	8.0



Basic Policy

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Existing Business Strategy

■ Semiconductor Lithography Business

- ◆ To optimize Lithography systems for customer processes and sustain stable operations
- ◆ Focus on S630D sales, expanding ArF immersion scanner share
- ◆ Pursue further efficiency improvement and exceed the break-even Point sales of ¥120B to post profit in 2018/3.

■ FPD Lithography Business

- ◆ Maintain top share and high profitability
- ◆ Develop/launch next generation high-definition FPD lithography systems both for small/medium- and large-sized panels.

Existing Business Strategy

■ Imaging Products Business

- ◆ Strengthening digital camera – interchangeable lens type
 - ◆ Strengthen profitability by improving value and product mix of medium/high end SLR cameras and interchangeable lenses.
 - ◆ Launch new interchangeable lens type advanced digital cameras to reactivate the market.

Market forecast for digital cameras – interchangeable lens type:
2014: Larger scale contraction, recovery delay in Europe/China
2015: Bottomed out in 2H 2016: Flat 2017: Re-growth

- ◆ Revamp sales system and continue developing and penetrating into emerging countries
- ◆ Continue further efficiency improvement through cost reduction and manufacturing process optimization.

Existing Business Strategy

■ Imaging Products Business

- ◆ Network connectivity; future camera → Pursuing desired capture devices

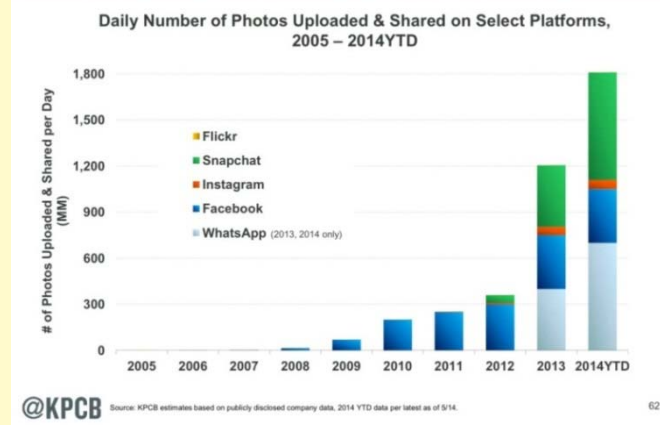
Emergence of smart devices drastically changed the way of photography. Nowadays, 1.8 billion photos are being shared on network per day. (*1)

Images have become extremely important communication tools.

Imaging world offers abundant opportunities.

Network connectivity and co-existence with smart devices will lead to launch of novel capture devices and applications, turning the business back to growing path.

Photos Alone = 1.8B+ Uploaded & Shared Per Day...
Growth Remains Robust as New Real-Time Platforms Emerge



(*1) Source : KPCB estimates based on publicly disclosed company data, 2014 YTD data per latest as of 5/14.

Growth driver Business Strategy

■ Microscope Solutions Business

- ◆ Enter into regenerative medicine contract manufacturing business. Accelerate to launch stem cell business.
- ◆ Secure the leading position in microscope industry.

■ Industrial Metrology Business

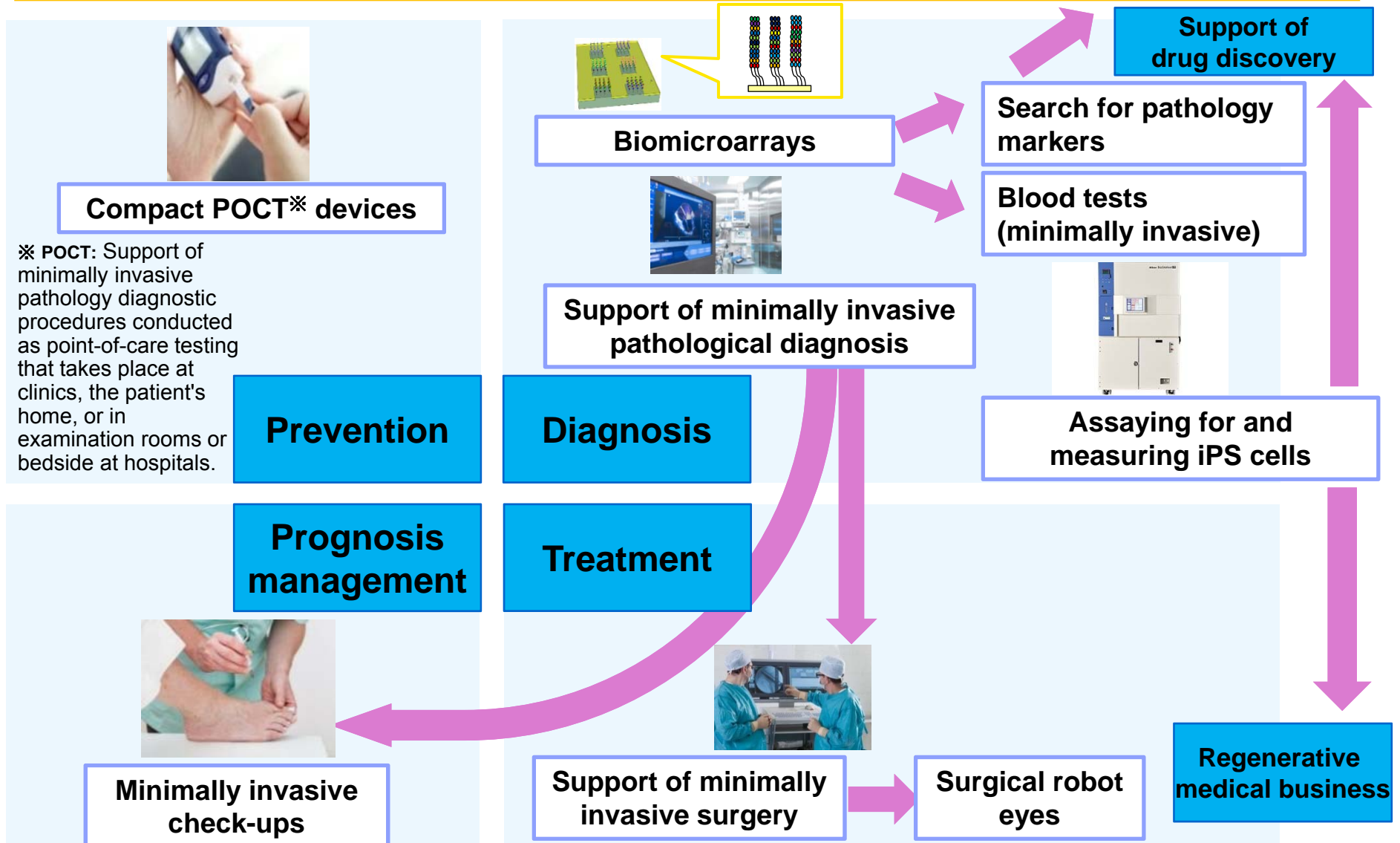
- ◆ Leverage our X-ray inspection and non-contact sensor 3D metrology systems to conduct M&A and form alliances to expand business volume and fields.
- ◆ Expand application software development capabilities in addition to hardware sales, evolving to solution-oriented business.

Growth driver Business Strategy

■ Medical Business

- ◆ Focus on nurturing in-vitro diagnosis business.
Earlier development of biomicroarrays, POCT devices, and ophthalmic instruments.
- ◆ Continue M&A and CVC.
- ◆ Although the sales plan is largely revised in the planned period, the policy that prioritizes the development of growth driver businesses is unchanged.

Medical business overview and progress



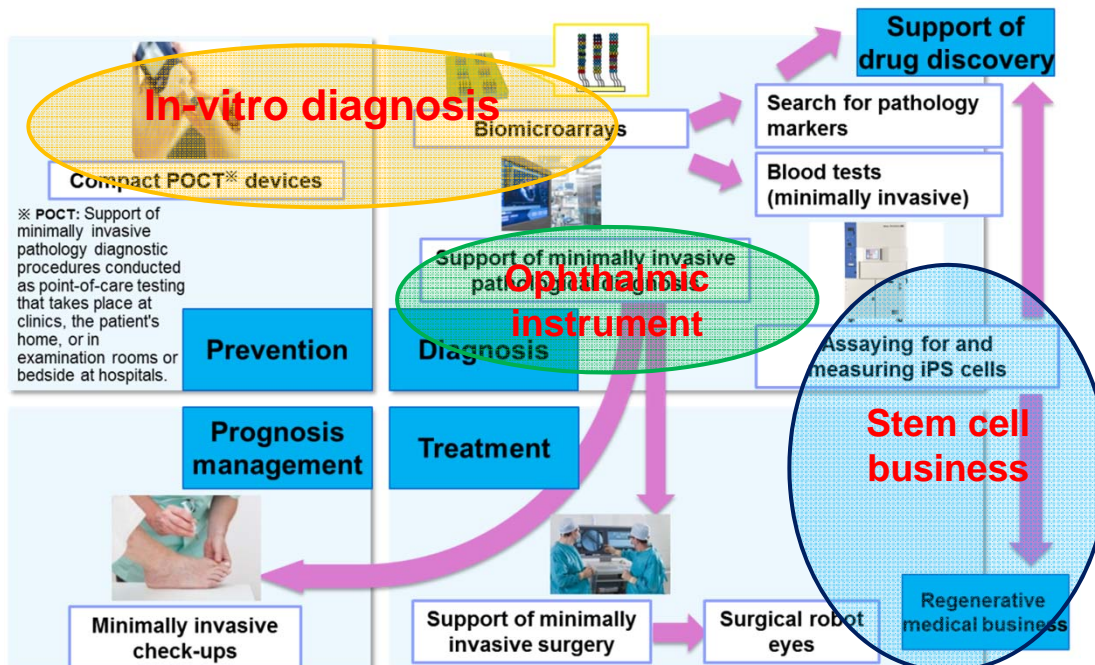
Medical business overview and progress

In-vitro diagnosis: POCT devices, biomicroarrays

- Start of POCT business with LSI Medience Corporation
- Biomicroarray business
- Start of operation in the US

Ophthalmic instruments: Minimally invasive pathological diagnosis

- Process started to fully acquire Optos (May 2015 plan)
 - Internal medicine, ophthalmology, regenerative medicine (retinal regeneration, etc.)
- Construct coherent base for diagnosis to therapy



Stem cell business

- Invested in Healios (Aug. 2013)
 - Use of iPS cells
 - Support regenerative medicine including AMD
- Strategic collaboration with Lonza (May 2015)
 - Entered into regenerative medicine contract manufacturing business
 - Started stem cell business

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Financial Strategy to sustain growth and financial ground

Continue mid/long-term investment in growing sectors while maintaining healthy financial ground

<p>Financial resource</p>	<ul style="list-style-type: none"> ◆ Secure fund by generating operating cash flow and optimum financial arrangement.
<p>Investment for growth</p> <p>2016/3-2018/3: Cumulative 560 billion yen</p>	<ul style="list-style-type: none"> ◆ R&D : 220 billion yen <ul style="list-style-type: none"> • Of which, 50 billion yen to be invested in medical and new businesses ◆ Capital Expenditure: 110 billion yen <ul style="list-style-type: none"> • Investment: wellspring of sustainable growth <p>M&A Program</p> <ul style="list-style-type: none"> ◆ M&A : 200 billion yen <ul style="list-style-type: none"> • M&A in Medical and Instruments businesses ◆ CVC : 30 billion yen (Partly executed in 2015/3) <ul style="list-style-type: none"> • Launch CVC to expand Medical Business.

Financial Strategy to sustain growth and financial ground

Capital policy	<ul style="list-style-type: none">◆ Equity ratio : Maintain 50%<ul style="list-style-type: none">• Keep healthy equity ratio• Improve capital efficiency by compressing assets and working capital.
Shareholders' return	<ul style="list-style-type: none">◆ Total return ratio : 30% or higher<ul style="list-style-type: none">• Policy: stable long-term return to shareholders• Secure internal reserves for future business expansions while offering performance-linked dividend to shareholders.

*Nikon Corporation plans to prepare the financial statement for 2017/3 (to be issued in June 2017) according to IFRS. Note that the financial data in the current midterm plan follows the accounting standards of Japan.



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