Securities Code: 7731
June 10, 2015
NIKON CORPORATION
Kazuo Ushida, President and Representative Director

Dear Shareholders,

Partial Revision of the "Items Disclosed on Internet Concerning Notice of the 151st Annual General Shareholders' Meeting"

Nikon Corporation has revised "Items Disclosed on Internet Concerning Notice of the 151st Annual General Shareholders' Meeting" which was released on June 1, 2015, as following.
The revision is underlined.

NOTE

(Items Disclosed on Internet Concerning Notice of the 151st Annual General Shareholders Meeting)
Page 23 : "Notes to non-Consolidated Financial Statements"
7. Notes to Transactions with Related Parties.

<Original> (Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 6)	Account	Balance at the end of the period (Note 6) (Note 7)
Subsidiaries	Nikon Singapore Pte Ltd	<u>98.3</u>	Import and sales of the Company's products Concurrent posts	Sales of Imaging Products Business products (Note 1)	76,143	Accounts receivable-trade	4,571

<Revised> (Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 6)	Account	Balance at the end of the period (Note 6) (Note 7)
Subsidiaries	Nikon Singapore Pte Ltd	100.0	Import and sales of the Company's products Concurrent posts	Sales of Imaging Products Business products (Note 1)	76,143	Accounts receivable-trade	4,571

(Translation)

Items Disclosed on Internet Concerning Notice of the 151st Annual General Shareholders' Meeting

Notes to Consolidated Financial Statements and

Notes to Non-Consolidated Financial Statements

NIKON CORPORATION

Notes to Consolidated Financial Statements

(Significant Basis for Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries : 75 companies

Company name : TOCHIGI NIKON CORPORATION, TOCHIGI NIKON PRECISION CO., LTD., SENDAI NIKON CORPORATION, Miyagi Nikon Precision Co., Ltd., NIKON IMAGING JAPAN INC., NIKON INSTECH CO., LTD., Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd., Nikon Hong Kong Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V., and others

Number of newly consolidated subsidiaries : 6 companies

Company name : Nikon Imaging Systems Inc., Nikon Lao Co., Ltd., Nikon Middle East FZE, PT NIKON INDONESIA, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., Nikon Asia Pacific Pte., Ltd.

From the current fiscal year, Nikon Imaging Systems Inc., Nikon Lao Co., Ltd., Nikon Middle East FZE, PT NIKON INDONESIA, Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., and Nikon Asia Pacific Pte., Ltd. are included in the scope of consolidation as the materiality of these companies has increased.

Number of subsidiaries excluded from the scope of consolidation : 1 company

Company name : LK Investment Ltd.

The 1 subsidiary of Nikon Metrology NV is excluded from the scope of consolidation due to the completion of liquidation.

(2) Number of non-consolidated subsidiaries : 8 companies

Company name : Jigtec Corporation, and others

Since these companies are small in scale, their total assets, net sales, net income (the interest share of NIKON CORPORATION (the “Company”)), and retained earnings (the Company’s interest share) and others do not have significant effects on the consolidated financial statements.

2. Scope of Equity Method

(1) Number of associated companies accounted for by equity method : 2 companies

Company name : Nikon-Essilor Co., Ltd., NIKON-TRIMBLE CO., LTD.

(2) Number of non-consolidated subsidiaries not accounted for by equity method : 8 companies

Company name : Jigtec Corporation, and others

(3) Number of associated companies not accounted for by equity method : 7 companies

Company name : N.S.S. CORPORATION, and others

Since each of these non-consolidated subsidiaries and associated companies not accounted for by the equity method has a minimal effect on the Company's net income, retained earnings and others and they are not collectively material, these are excluded from the scope of application of the equity method.

3. Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of Nikon Imaging (China) Co., Ltd., Nikon Precision Shanghai Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon (Russia) LLC., Nikon Mexico S.A de C.V., NIKON DO BRASIL LTDA., Nikon Instruments (Shanghai) Co., Ltd., Hikari Glass (Changzhou) Optics Co., Ltd., Nikon Lao Co., Ltd., and Nanjing Nikon Jiangnan Optical Instrument Co., Ltd. is December 31.

In preparing the consolidated financial statements, the Group used financial statements of those companies that had been prepared on the basis of the provisional closing of their accounts as of the consolidated closing date.

4. Basis of Accounting

(1) Valuation basis and method for significant assets

a. Investment securities	
- Held-to-maturity debt securities	Stated at amortized cost.
- Available-for-sale securities	
with fair market value	Stated at fair value based on quoted market prices at the consolidated closing date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is mainly calculated by the moving-average method.
without fair market value	Mainly stated at cost determined by the moving-average method. The Company records investments in limited liability investment partnerships and in other similar partnerships (deemed “investment securities” under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.
b. Derivatives	Stated at fair value.
c. Inventories	
- Company and its consolidated subsidiaries in Japan	Mainly stated at cost determined by the average method. (Inventories with lower profitability are written down.)
- Overseas consolidated subsidiaries	Principally stated at the lower of cost or market as determined using the average method.

(2) Depreciation method for noncurrent assets

a. Property, plant and equipment (excluding lease assets)	
- Company and its consolidated subsidiaries in Japan	The straight-line method is applied.
- Overseas consolidated subsidiaries	The straight-line method is mainly applied.
b. Intangible assets (excluding lease assets)	The straight-line method is applied.
c. Lease assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.

(3) Accounting criteria for significant allowances

a. Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectability for specific accounts.
b. Provision for product warranties	The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.

(4) Method for accounting of retirement benefit

The Company and its major consolidated subsidiaries account for the provision for employees' retirement benefit based on the projected retirement benefit liabilities and pension assets at the consolidated balance sheet date. When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits in the period up to the end of the current fiscal year.

Prior service cost is amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period in which the prior service cost accrues, and actuarial gains and losses are amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period immediately following the period in which the actuarial gains and losses arise.

Unrecognized actuarial gains and losses and unrecognized prior service cost, after adjustment for tax effect, are recorded as remeasurements of defined benefit plans within accumulated other comprehensive income, included in net assets.

(5) Translation basis of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the consolidated closing date, and the translation adjustment is recognized in the consolidated statement of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated closing date, and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate. Translation adjustments are presented in foreign currency translation adjustments in net assets.

(6) Significant hedge accounting

a. Method for hedge accounting	In principle, the deferral hedge accounting is applied.
b. Hedging instruments and hedged items	Hedging instruments are foreign exchange forward contracts, currency options, and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.
c. Hedging policy	Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others about derivative transactions.
d. Method for assessment of hedge effectiveness	The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others.

(7) Other significant matters for preparing consolidate financial statements

a. Amortization of goodwill	Goodwill is charged to income when incurred if the amounts are immaterial; otherwise, the

	amounts are amortized on a straight-line basis principally over 10 years.
b. Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
c. Application of consolidated declaration system	The consolidated declaration system that the Company and certain overseas consolidated subsidiaries are consolidated taxpayers is applied.

(Notes to Changes in Accounting Policies)

(Application of Accounting Standard for Retirement Benefits and Other)

Effective from the beginning of the fiscal year under review, the Company has applied the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; the “Guidance on Retirement Benefits”), in respect of the provisions stated in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits, whereby the method of calculating retirement liability and service cost has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from straight-line basis to benefit formula basis, while the method of determining discount rates has been changed from the method where the period for bonds, which forms the basis for determining the discount rate, is determined based on the approximate number of years of the average remaining service period of employees, to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

The Retirement Benefits Accounting Standard and other standards were applied transitionally as determined in Clause 37 of the Retirement Benefits Accounting Standard and the effect of the change in the method of calculating retirement liability and service cost is stated as an adjustment to retained earnings at the beginning of the fiscal year under review.

As a result, net defined benefit asset decreased by 18,349 million yen and net defined benefit liability increased by 237 million yen, while retained earnings decreased by 11,970 million yen, at the beginning of the fiscal year under review. The impact on operating income, ordinary income and income before income taxes for the year ended March 31, 2015 was minimal.

(Application of Accounting for Business Combinations and Others)

As the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013; the “Business Combinations Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; the “Consolidation Accounting Standard”), “Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013; the “Business Divestitures Accounting Standard”) and other standards became applicable from the beginning of the fiscal years commencing on or after April 1, 2014, these accounting standards (except for the provisions stated in Clause 39 of the Consolidation Accounting Standard) have been applied from the fiscal year under review, effecting changes in the accounting method to record the difference associated with the changes in equity in subsidiaries remaining under the control of the Company as capital surplus, and to record acquisition-related costs as expenses for the fiscal year in which such costs are incurred. For business combinations implemented on or after the beginning of the fiscal year under review, the accounting method would change to reflect the adjustments to the allocated amount of acquisition costs under the finalization of provisional accounting treatment in the consolidated financial statements, for the consolidated fiscal year containing the date of such business combinations.

The Business Combinations Accounting Standard and other standards were applied transitionally as determined in Clause 58-2 (4) of the Business Combinations Accounting Standard, Clause 44-5 (4) of the Consolidation Accounting Standard and Clause 57-4 (4) of the Business Divestitures Accounting Standard. Although these standards are applicable from the beginning of the fiscal year under review, they have no impact on the Consolidated Balance Sheet and Consolidated Statements of Income for the fiscal year under review.

(Changes in Depreciation Method and Useful Lives for Property, Plant and Equipment)

For depreciation of property, plant and equipment excluding lease assets, the Company and its domestic consolidated subsidiaries previously used the declining-line method, except for buildings (excluding attached facilities) subject to depreciation by the straight-line method. From the fiscal year under review, however, the depreciation method has been changed to the straight-line method.

The aforementioned change was based on a series of review over the depreciation method for property, plant and equipment within the Group, in coordination with cost reduction in design and manufacturing processes and fundamental review of production structure, with a view to strengthen the maturing core businesses under the Medium Term Management Plan “Next 100 – Transform to Grow” for the period up to fiscal year 2016, which was announced on June 17, 2014. As a result of the review, it was concluded that the straight-line method shall be adopted from the fiscal year under review to better reflect the actual usage of property, plant and equipment of the Company and its domestic consolidated subsidiaries, as generalization of production facilities and leveled production are further promoted, contributing to constant utilization of production facilities over their useful lives.

In coordination with the aforementioned cost reduction in design and manufacturing processes and fundamental review of production structure, the useful lives of the machinery and equipment have been revised effective from the fiscal year under review, by estimating the period in which these assets are expected to be economically useful in consideration of their usage and operational status.

These changes have minimal impact on operating income, ordinary income and income before income taxes for the year ended March 31, 2015.

(Notes to Changes in Presentation)

Changes in Presentation of Deferred Tax Assets and Deferred Tax Liabilities

For the fiscal year ended March 31, 2014, deferred tax assets, included in “Other” under investments and other assets in the previous year, was individually presented in the Consolidated Balance Sheet, as the materiality has increased. The amount of deferred tax liabilities in the previous year was 7,646 million yen.

(Notes to Consolidated Balance Sheet)

1. Accumulated Depreciation of Property, Plant and Equipment 310,789 million yen

2. Guarantees of Indebtedness 526 million yen

(Notes to Consolidated Statement of Income)

Impairment loss

a. Assets recognized impairment loss

For Semiconductor Lithography Business Unit of the Precision Equipment Business, investment recovery is no longer expected due to declining revenue, the carrying amount of following noncurrent assets was reduced to the recoverable amount, and extraordinary loss of 15,220 million yen was recognized as impairment loss.

(Million yen)

Place	Usage	Type	Impairment Loss
Kumagaya, Saitama and others	Assets for Business	Buildings and Structures	2,755
		Machinery, Equipment, and Vehicle	6,463
		Lease Assets	327
		Construction in Progress	1,899
		Tools, Furniture and Fixtures *1	1,464
		Intangible Assets (Except Goodwill)	2,166
		Long-term Prepaid Expense *2	142
		Total	15,220

*1 Tools, furniture and fixtures are included in “Other” within “Property, plant and equipment” of the consolidated balance sheet.

*2 Long-term prepaid expense is included in “Investment and other assets” of the consolidated balance sheet.

As a result of the reviewing on current status of utilization and future prospect of noncurrent assets held by the Company and its consolidated subsidiaries, 1,009 million yen of impairment loss was recorded as no specific use is expected in the future for idle assets located mainly in Japan, China, and Thailand. Types of main idle assets, which were impaired, are buildings and structures of 165 million yen, machinery, equipment and vehicles of 291 million yen, and other noncurrent assets of 552 million yen.

b. Method for grouping of assets

Assets are divided into the smallest units that overall generate cash flow independently.

c. Method of calculation of recoverable amounts

Recoverable amounts are measured by net sales value or value in use, whichever is higher.

Net sales value is reasonably measured based mainly on the assessed value of property for tax purposes.

(Notes to Consolidated Statement of Changes in Net Assets)

1. Type and Total Number of Shares Issued and Treasury Stock

(Shares)

	As of April 1, 2014	Increase	Decrease	As of March 31, 2015
Shares issued				
Common stock	400,878,921	-	-	400,878,921
Total	400,878,921	-	-	400,878,921
Treasury stock				
Common stock	4,219,304	3,875	70,813	4,152,366
Total	4,219,304	3,875	70,813	4,152,366

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 27, 2014	Common Stock	8,726	22.00	March 31, 2014	June 30, 2014
Meeting of the Board of Directors on November 6, 2014	Common Stock	3,966	10.00	September 30, 2014	December 1, 2014

(2) Dividends of which the record date is attributable to the current fiscal year but to be effective in the following fiscal year

The Company plans to resolve as follows at the Annual General Shareholders' Meeting which will be held on June 26, 2015.

Resolution	Type of shares	Total dividend paid (million yen)	Resource of dividends	Dividend per share (yen)	Record date	Effective date
Annual General Shareholders' Meeting on June 26, 2015	Common stock	8,727	Retained earnings	22.00	March 31, 2015	June 29, 2015

3. Stock Acquisition Rights and Others

Type and number of shares to be issued upon the exercise of the stock acquisition rights as of the consolidated balance sheet date, excluding stock acquisition rights for which the first day of the exercise period has not yet arrived

Common stock 887,100 shares

(Financial Instruments)

1. Matters Related to Financial Instruments

The Group restricts fund management to short-term deposits, and fund procurement is mainly treated by bank loans and bond issuance. Derivatives are used not for speculative purposes, but to hedge foreign exchange risk for receivables and payables denominated in foreign currencies and interest rate exposures for loans payable.

Receivables such as notes and accounts receivable-trade are exposed to customer credit risk. The Group manages the credit risk by monitoring of payment terms and balances by customer and identifying and reducing the default risk of customers in the early stages. Although receivables in foreign currencies due to global operations are exposed to foreign currency risk, mainly the position net of payables in foreign currencies is hedged, principally by using forward foreign currency contracts.

Equity securities in investment securities are exposed to the risk of market price fluctuations, but are managed by monitoring market values and the financial position of issuers (trading partners) on a regular basis. In addition, securities other than held-to-maturity securities are continually reviewed as to the situation, taking into account the relationship between the Group and trading partners.

Payment terms of payables, such as notes and accounts payable-trade are less than one year. Although payables in foreign currencies that include the import of raw materials are exposed to foreign currency risk, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Short-term loans payable are mainly related to working capital, and long-term loans payable are related primarily to working capital and capital investment. Although loans payable with variable interest rates are exposed to interest rate fluctuation risk, the risk of certain long-term loans payable is mitigated by using derivatives of interest rate swaps by individual contract to reduce the risk of fluctuations in interest expenses and to make the interest expense fixed. Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization. The counterparties to the Group’s derivative contracts are limited to financial institutions having a high credit rating to reduce credit risk.

Accounts payable and loans payable are exposed to liquidity risk. The Group manages its liquidity risk by entering into commitment line contract.

2. Fair Values of Financial Instruments

Carrying amounts, fair values and the differences between carrying amounts and fair values as of March 31, 2015 were as follows. The accounts deemed to be extremely difficult to calculate the fair values were not included in the following:

(Million yen)

	Carrying amount (*)	Fair value (*)	Unrealized gain (loss)
(1) Cash and deposits	262,501	262,501	-
(2) Notes and accounts receivables-trade	127,433	127,433	-
(3) Investment securities	68,445	68,445	-
(4) Notes and accounts payable-trade	(113,724)	(113,724)	-
(5) Short-term loans payable	(13,600)	(13,600)	-
(6) Accrued expenses	(58,454)	(58,454)	-
(7) Income taxes payable	(5,038)	(5,038)	-
(8) Bonds payable	(50,000)	(51,540)	(1,540)
(9) Long-term loans payable	(49,600)	(50,176)	(576)
(10) Derivatives	(4,161)	(4,161)	-

(*) The items recorded in liabilities on the consolidated balance sheet are shown in parentheses.

(Notes) Method for calculating the fair value of financial instruments and matters on investment securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable-trade:
The carrying amounts of cash and deposits and notes and accounts receivable-trade approximate their fair values because of their short maturities.
The carrying amounts and fair values of notes and accounts receivable-trade are the amounts after deduction of the allowance for doubtful accounts.

(3) Investment securities:
The fair values of investment securities are measured at the quoted market price of the stock exchange. Investment securities whose fair value is not readily determinable (the carrying amounts of 12,415 million yen) are excluded because it is difficult to determine the fair values.

(4) Notes and accounts payable-trade, (5) Short-term loans payable, (6) Accrued expenses, and (7) Income taxes payable:

The carrying amounts of these accounts approximate their fair values because of their short maturities.

(8) Bonds payable:

The fair values of bonds are determined by the market price if it is available.

(9) Long-term loans payable

The fair values of long-term loans payable are determined by discounting the future cash flows related to the loans by the rate assumed based on interest rates on government securities and credit spread.

15,000 million yen of current portion of long-term loans payable, which is included in short-term loans payable on the consolidated balance sheet, is included in long-term loans payable for this note.

(10) Derivatives

Receivables and payables arising out from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

(Notes to Per-Share Information)

1.	Net assets per share	1,438.17 yen
2.	Net income per share	46.29 yen

Amounts less than 1 million yen are rounded off.

<u>Notes to Non-Consolidated Financial Statements</u>

1. Notes to Matters related to Significant Accounting Policies

(1) Valuation basis and method for securities

- Held-to-maturity debt securities	Stated at amortized cost.
- Investments in subsidiaries and associated companies	Stated at cost determined by the moving-average method.
- Available-for-sale securities	Available-for-sale securities with market value are stated at fair value based on quoted market prices at the balance sheet date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is calculated by the moving-average method. Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. The Company records investments in limited liability investment partnerships and in other similar partnerships (deemed “investment securities” under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.
(2) Valuation basis and method for derivatives	Stated at fair value.
(3) Valuation basis and method for inventories	Work in process is stated at cost determined by the specific identification method, and other inventories are stated at cost determined by the average method. Inventories with lower profitability are written down.

(4) Depreciation method for noncurrent assets	
- Property, plant and equipment (excluding lease assets)	The straight-line method is applied.
- Intangible assets (excluding lease assets)	The straight-line method is applied.
- Lease assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.
(5) Accounting for deferred assets	Bond issuance expenses are expensed as paid.
(6) Accounting criteria for allowances	
- Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectability for specific accounts.
- Provision for product warranties	The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.
- Provision for retirement benefits	The Company accounts for the provision for employees' retirement benefit based on the projected retirement benefits liabilities and pension assets at the balance sheet date. Prior service cost is amortized on a straight-line basis over 10 years, certain period within the average remaining service period of employees, from the period in which the prior service cost accrues, and actuarial gains and losses are amortized on a straight-line basis over 10 years, certain period within the average remaining service period of employees, from the period immediately following the period in which the actuarial gains and losses arise.

	When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits in the period up to the end of the current fiscal year. The total amount of pension assets exceeded the amount of retirement benefits liabilities after adjusting for any unrecognized actuarial difference and unrecognized prior service cost. Therefore, on the balance sheet, the excess amount is posted as prepaid pension cost.
(7) Translation basis of assets and liabilities denominated in foreign currencies into Japanese yen	Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and the translation adjustment is recognized in the non-consolidated statement of income.
(8) Hedge accounting	
a. Method for hedge accounting	The deferral hedge accounting is applied.
b. Hedging instruments and hedged items	Hedging instruments are foreign exchange forward contracts, currency options and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.
c. Hedging policy	Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others about derivative transactions.
d. Method for assessment of hedge effectiveness	The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others.

(9) Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
(10) Application of consolidated declaration system	The Company applies the consolidated declaration system.

2. Notes to Changes in Accounting Policies

(Application of Accounting Standard for Retirement Benefits and Other)

Effective from the beginning of the fiscal year under review, the Company has applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012; the "Retirement Benefits Accounting Standard") and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012; the "Guidance on Retirement Benefits"), in respect of the provisions stated in Clause 35 of the Retirement Benefits Accounting Standard and Clause 67 of the Guidance on Retirement Benefits, whereby the method of calculating retirement liability and service cost has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from straight-line basis to benefit formula basis, while the method of determining discount rates has been changed from the method where the period for bonds, which forms the basis for determining the discount rate, is determined based on the approximate number of years of the average remaining service period of employees, to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

The Retirement Benefits Accounting Standard and other standards were applied transitionally as determined in Clause 37 of the Retirement Benefits Accounting Standard and the effect of the change in the method of calculating retirement liability and service cost is stated as an adjustment to retained earnings brought forward at the beginning of the fiscal year under review.

As a result, prepaid pension cost decreased by 17,458 million yen and retained earnings brought forward decreased by 11,243 million yen, at the beginning of the fiscal year under review. The impact on operating income, ordinary income and income before income taxes for the year ended March 31, 2015 was minimal.

(Changes in Depreciation Method and Useful Lives for Property, Plant and Equipment)

For depreciation of property, plant and equipment excluding lease assets, the Company previously used the declining-line method, except for buildings (excluding attached facilities) subject to depreciation by the straight-line method. From the fiscal year under review, however, the depreciation method has been changed to the straight-line method.

The aforementioned change was based on a series of review over the depreciation method for property, plant and equipment, in coordination with cost reduction in design and manufacturing processes and fundamental review of production structure, with a view to strengthen the maturing core businesses under the Medium Term Management Plan “Next 100 – Transform to Grow” for the period up to fiscal year 2016, which was announced on June 17, 2014. As a result of the review, it was concluded that the straight-line method shall be adopted from the fiscal year under review to better reflect the actual usage of property, plant and equipment, as generalization of production facilities and leveled production are further promoted, contributing to constant utilization of production facilities over their useful lives.

In coordination with the aforementioned cost reduction in design and manufacturing processes and fundamental review of production structure, the useful lives of the machinery and equipment have been revised effective from the fiscal year under review, by estimating the period in which these assets are expected to be economically useful in consideration of their usage and operational status.

These changes have minimal impact on operating income, ordinary income and income before income taxes.

3. Notes to Non-Consolidated Balance Sheet

(1) Assets pledged as collateral and liabilities secured

Assets pledged as collateral

Cash and deposits (Note) 11,823 million yen

(Note) The Company pledges its deposit as collateral to the loans payable of its subsidiaries.

(2) Accumulated depreciation of property, plant and equipment 196,560 million yen

(3) Guarantees of indebtedness

Guarantee	Guaranteed amount	Content of guarantee of indebtedness
379 employees	526 million yen	Mortgage and others
Subsidiaries	1,116 million yen	Loans payable and others
Total	1,643 million yen	

(4) Monetary receivables and payables to affiliated companies

Short-term monetary receivables 90,062 million yen

Long-term monetary receivables 9,842 million yen

Short-term monetary payables 66,740 million yen

(5) Monetary payables to Directors and Corporate Auditors

Long-term monetary payables 166 million yen

4. Notes to Non-Consolidated Statement of Income

(1) Transactions with affiliated companies

Operational transactions

Sales to affiliated companies 504,367 million yen

Purchase from affiliated companies 246,105 million yen

Other transactions 29,219 million yen

(2) Loss on business of subsidiaries and affiliates

As for investments in capital of subsidiaries and affiliates and loans receivable from subsidiaries and affiliates, due to deterioration of their financial conditions, loss on valuation of investments in capital of subsidiaries and affiliates of 2,125 million yen, bad debts written off from short-term loans receivable of 476 million yen, and provision for doubtful debts of 665 million yen were recorded.

(3) Impairment loss

a. Assets recognized impairment loss

For Semiconductor Lithography Business Unit of the Precision Equipment Business, investment recovery is no longer expected due to declining revenue, the carrying amount of following noncurrent assets was reduced to the recoverable amount, and extraordinary loss of 15,220 million yen was recognized as impairment loss.

(Million yen)

Place	Usage	Type	Impairment Loss
Kumagaya, Saitama and others	Assets for Business	Buildings	2,753
		Structures	1
		Machinery and Equipment	6,409
		Vehicles	54
		Tools, Furniture and Fixtures	1,464
		Lease Assets	327
		Construction in Progress	1,899
		Intangible Assets	2,166
		Long-term Prepaid Expenses	142
		Total	15,220

The carrying amounts of idle assets are reduced to the recoverable amounts, and the reduced amounts are recorded in extraordinary losses. The major idle assets are machinery and equipment.

b. Method for grouping of assets

Assets are divided into the smallest units that overall generate cash flow independently.

c. Method of calculation of recoverable amounts

Recoverable amounts are measured by net sales value or value in use, whichever is higher. Net sales value is reasonably measured based mainly on the assessed value of property for tax purposes.

5. Note to Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury stock at the end of the period

Common stock	4,152,366 shares

6. Notes to Tax Effect Accounting

Deferred tax assets and deferred tax liabilities

Deferred tax assets:	
Inventories	19,095 million yen
Accrued bonus	2,437 million yen
Depreciation and amortization	13,607 million yen
Provision for product warranties	1,361 million yen
Impairment loss	5,971 million yen
Other	8,754 million yen
Subtotal of deferred tax assets	51,229 million yen
Valuation allowance	(9,289) million yen
Total deferred tax assets	41,940 million yen
Deferred tax liabilities:	
Reserve for advanced depreciation of noncurrent assets	(4,478) million yen
Valuation difference on available-for-sale securities	(8,784) million yen
Other	(227) million yen
Total deferred tax liabilities	(13,490) million yen
Net deferred tax assets	28,449 million yen

(Additional Information)

Revisions on Deferred Tax Assets and Deferred Tax Liabilities in accordance with the Changes in the Corporate Tax Rates

Pursuant to “Partial Revision of Income Tax Act” (Act No. 9 of 2015) and “Partial Revision of Local Tax Act” (Act No. 2 of 2015), which were issued on March 31, 2015, reduced corporate tax rates, etc. are applied from the fiscal year starting on and after April 1, 2015. In accordance with this revision, the effective tax rate, applied to the calculation of deferred tax assets and deferred tax liabilities, is changed from 35.6% to 33.1% for temporary differences which are expected to be settled during the fiscal year starting April 1, 2015, or 32.3% for those which are expected to be settled from the fiscal year starting April 1, 2016 onward.

As a result of the change, net deferred tax assets (after deducting deferred tax liabilities) decreased by 2,336 million yen, while income taxes-deferred increased by 3,175 million yen.

7. Notes to Transactions with Related Parties

(Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 6)	Account	Balance at the end of the period (Note 6) (Note 7)
Subsidiaries	Nikon Precision Inc.	100.0	Import and sales of the Company's products Concurrent posts	Sales of Precision Equipment Business products (Note 1)	52,937	Accounts receivable-trade	21,004
						Advances received	12,600
	Nikon Inc.	100.0	Import and sales of the Company's products Concurrent posts	Sales of Imaging Products Business products (Note 1)	108,233	Accounts receivable-trade	5,354
	Nikon Europe B.V.	100.0	Import and sales of the Company's products Concurrent posts	Sales of Imaging Products Business products (Note 1)	110,477	Accounts receivable-trade	6,372
	Nikon Singapore Pte Ltd	100.0	Import and sales of the Company's products Concurrent posts	Sales of Imaging Products Business products (Note 1)	76,143	Accounts receivable-trade	4,571
	Nikon Americas Inc.	100.0	Holding company of subsidiaries in the United States Concurrent posts	Loans for short-term working capital (Note 2)	-	Short-term loans receivable	15,171
	Nikon (Thailand) Co., Ltd.	100.0	Manufacture of the Company's products Concurrent posts	Manufacture of Imaging Products Business products (Note 3)	150,908	Accounts payable-trade	11,109

Category	Company name	Percentage of voting rights (%)	Relationship	Transaction	Transaction amount (Note 6)	Account	Balance at the end of the period (Note 6) (Note 7)
	Nikon Holdings Hong Kong Limited	100.0	Holding company of subsidiaries in China and Asia Concurrent posts	Dividends income (Note 4)	13,347	-	-
	Nikon Asia Pacific Pte. Ltd.	100.0	Management and administration of Asia/Oceania region Concurrent posts	Pledging assets as collateral (Note 5)	-	Cash and deposits	7,383

Condition of transaction, policy to determine such condition and others

(Note 1) The condition of transaction of product sales is determined in consideration of market prices.

(Note 2) The Group is introducing a cash management system ("CMS"), and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.

(Note 3) The condition of transaction of product manufacturing is determined after negotiation in each case in consideration of prices calculated based on market quotations and estimates from customers.

(Note 4) The Company received dividends as a result of recapitalization in the Asian region.

(Note 5) The Company pledges its deposits as collateral for loans payable of its subsidiaries.

(Note 6) The transaction amount and balance of foreign subsidiaries at the end of the period do not include consumption taxes and others.

(Note 7) The balances of assets and liabilities denominated in foreign currencies at the end of the period are presented in the amounts translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date.

8. Notes to Retirement Benefit

(1) Outline of retirement benefit plans

The Company has a defined benefit corporate pension plan (cash balance plan) under

Defined-Benefit Corporate Pension Act. The Company also has a defined contribution pension plan for a portion of future retirement benefit.

(2) Retirement benefit obligation

Retirement benefit obligation	(105,373) million yen
Fair value of pension assets	112,729 million yen
Unfunded retirement benefit obligation	7,356 million yen
Unrecognized actuarial loss	(2,104)million yen
Unrecognized prior service cost	(150) million yen
Prepaid pension cost	5,100 million yen

Fair value of pension assets includes the retirement benefit trust of 4,758 million yen.

(3) Retirement benefit expenses

Service cost	1,660 million yen
Interest cost	1,329 million yen
Expected return on pension assets	(1,334) million yen
Recognized actuarial loss	527 million yen
Amortization of prior service cost	(150) million yen
Subtotal	2,031 million yen
Others	(149) million yen
Retirement benefit expenses	1,881 million yen

In addition, contributions to the defined contribution pension plan amounting to 989 million yen were recorded in “cost of sales” and “retirement benefit expenses in selling, general and administrative expenses” in addition to the above retirement benefit expenses.

(4) Others

Discount rate	1.0%
Expected long-term rate of return on pension assets	1.3%

9. Notes to Per-Share Information

Net assets per share	852.78 yen
Net income per share	25.54 yen

10. Amounts less than 1 million yen are rounded off.