

This is a translation of the original Japanese “Notice of the 152nd Annual General Shareholders’ Meeting” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code: 7731

June 8, 2016

NIKON CORPORATION

15-3, Konan 2-chome, Minato-ku, Tokyo

Dear Shareholder,

Notice of the 152nd Annual General Shareholders’ Meeting

You are cordially invited to attend our 152nd Annual General Shareholders’ Meeting to be held as outlined below.

Sincerely yours,

Kazuo Ushida

President

Representative Director

- 1. Date & Time:** 10:00 a.m., June 29, 2016 (Wednesday)
- 2. Place:** Kiku-no-ma, the fourth floor of Hilton Tokyo Hotel
6-2, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo

3. Agenda:

Matters to be reported

1. Business report, Consolidated Financial Statements, and audit reports concerning Consolidated Financial Statements by the Independent Auditor and the Board of Corporate Auditors for the 152nd term (April 1, 2015 to March 31, 2016)
2. Non-Consolidated Financial Statements for the 152nd term (April 1, 2015 to March 31, 2016)

Matters to be resolved

- Item 1:** Appropriation of Surplus
- Item 2:** Partial Amendments to the Articles of Incorporation
- Item 3:** Election of Nine Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Item 4:** Election of Five Directors Who Are Audit and Supervisory Committee Members
- Item 5:** Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Item 6:** Determination of the Amount of Compensation for Directors Who Are Audit and

Supervisory Committee Members

Item 7: Determination of the Amount and Contents of Compensation, etc. in Performance-based Stock Remuneration System for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Item 8: Payment of Bonuses to Directors

If you are unable to attend the meeting, you may exercise your voting rights in writing (by mail) or by electromagnetic methods. Please examine the attached Reference Materials for the General Shareholders' Meeting and exercise your voting rights by 5:00 p.m. on June 28, 2016 (Tuesday).

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- * Pursuant to the relevant laws and regulations and the provisions of the Company's Articles of Incorporation, among documents to be attached to this notice, matters to be stated or presented in notes to the Consolidated Financial Statements and the Non-Consolidated Financial Statements are posted on the Company's website indicated below and are not attached to this notice.
 - * If it becomes necessary to amend the contents of the Reference Materials for the General Shareholders' Meeting, the Business Report, the Consolidated Financial Statements or the Non-Consolidated Financial Statements, the amended version of the relevant documents will be posted on the Company's website indicated below.

The Company's website: http://www.nikon.com/about/ir/stock_info/meeting/index.htm

[For reference] Basic policies on corporate governance are posted on the Company's website indicated below.

The Company's website: <http://www.nikon.com/about/csr/governance/organization/guideline/index.htm>

Voting Procedures

Voting by attending the meeting

If you plan to attend the meeting in person, please present the enclosed voting form to the receptionist at the venue. If you exercise your voting rights by proxy, such proxy must be one other shareholder with voting rights who will act on your behalf pursuant to the provisions of the Company's Articles of Incorporation, and the proxy will be asked to submit a statement in writing attesting to his or her appointment as proxy (letter of attorney).

Voting by mail

Please indicate your approval or disapproval for each of the items on the enclosed voting form and return it to the Company by 5:00 p.m. on June 28, 2016(Tuesday).

If approval or disapproval is not indicated for any item on the submitted voting form, your vote for that item will be counted as a vote of approval.

Voting by electromagnetic methods (ex. on the Internet)

Please exercise your voting rights by 5:00 p.m. on June 28, 2016(Tuesday), after referring to the "Electromagnetic Voting Procedures" (in Japanese only).

- * When shareholders exercise their voting rights more than once by voting by mail and by electromagnetic methods, the electromagnetic vote is deemed to be valid.
- * If multiple votes by electromagnetic methods are received, the most recent vote is deemed to be valid.
- * Depending on your Internet environment, your provider's service or equipment type, you may not be able to access the website for exercising voting rights.
- * Any connection fees to the internet or communication charges, etc. for accessing the website for exercising voting rights shall be borne by the shareholders.

To Institutional Investors

The electronic voting platform for institutional investors operated by Investor Communications Japan Inc. is available for institutional investors that have applied to use such platform in advance.

Reference Materials for the General Shareholders' Meeting

Item 1: Appropriation of Surplus

It is proposed that surplus be appropriated as follows:

Matters concerning year-end dividends

The Company intends to distribute stable dividends by increasing the extent to which they reflect the consolidated business results while proactively making investments for future growth based on cash flow-oriented management.

Based on this dividend policy, it is proposed that a year-end dividend be paid out as follows.

(1) Type of dividend assets

Cash

(2) Allotment of dividend assets to shareholders and total amount

10 yen per Company common stock

Total payment of dividends: 3,967,680,540 yen

(3) Effective date of dividends from surplus

June 30, 2016

The annual dividend for the fiscal year under review, including an interim dividend, will be 18 yen per Company common stock.

References Common to Items 2 through 7

The Items 2 through 7 presented on pages 7 through 28 relate to the transition to a company with an Audit and Supervisory Committee.

■ About companies with an Audit and Supervisory Committee

In a company with an Audit and Supervisory Committee, an Audit and Supervisory Committee consisting of Directors—the majority of which are External Directors—is established in place of a Corporate Auditor or a Board of Corporate Auditors.

Directors who are Audit and Supervisory Committee members differ from conventional Corporate Auditors in that they possess voting rights in the Board of Directors, and the Audit and Supervisory Committee possesses a right to present a statement of opinions regarding the election/termination of and compensation for Directors at a shareholders' meeting, further intensifying its supervisory function.

By transitioning to a company with an Audit and Supervisory Committee, the separation of management function and supervisory function will be enhanced through delegation of authority to Executive Directors in accordance with the Articles of Incorporation, which can clarify the management responsibility and increase the effectiveness of supervision.

■ Purpose of transition to a company with an Audit and Supervisory Committee

The Company has long considered corporate governance to be an important managerial challenge and taken efforts to strengthen necessary systems. The Company recognizes the importance of improving management efficiency and transparency and further strengthening the supervisory function over management, taking into account the introduction of the “Japanese Version of the Stewardship Code” and the “Corporate Governance Code.” These moves are aimed at achieving sustainable growth and the enhancement of corporate value over the medium- to long-term, while better fulfilling the Company's responsibilities to shareholders.

This would require unprecedentedly prompt and resolute decision-making. There is a need to clarify management responsibility and streamline decision-making by delegation of authority, and to further strengthen the supervisory function of the Board of Directors.

In view of these circumstances, the Company has determined its transition to a company with an Audit and Supervisory Committee, which makes possible a further separation of management function and supervisory function.

■ Overview of Items related to the transition

[Amendments to the Articles of Incorporation: Item 2]

In transitioning to a company with an Audit and Supervisory Committee, the Articles of Incorporation requires amendments to stipulate the establishment of an Audit and Supervisory Committee and reflect

other necessary changes. Item 2 “Partial Amendments to the Articles of Incorporation” proposes such amendments, along with others.

[Election of Directors: Items 3 and 4]

In a company with an Audit and Supervisory Committee, it is required that Directors (excluding Directors who are Audit and Supervisory committee members) and Directors who are Audit and Supervisory Committee members should be elected separately. Item 3 proposes the election of Directors (excluding Directors who are Audit and Supervisory Committee Members), and Item 4 proposes the election of Directors who are Audit and Supervisory Committee Members.

[Determination of compensation for Directors: Items 5, 6 and 7]

In a company with an Audit and Supervisory Committee, it is required that the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and the amount of compensation for Directors who are Audit and Supervisory Committee members should be determined separately. Item 5 proposes the determination of the amount and contents of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), and Item 6 proposes the determination of the amount of compensation for Directors who are Audit and Supervisory Committee Members.

Item 7 relates to “Determination of the Amount and Contents of Compensation, etc. in Performance-based Stock Remuneration System for Directors” that was approved at the 151st Annual General Shareholders’ Meeting held on June 26, 2015. This item is required for a procedure to amend the target of the aforementioned compensation to Directors (excluding Directors who are Audit and Supervisory Committee Members) and Officers, with the transition to a company with an Audit and Supervisory Committee.

Item 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The Company makes necessary amendments to the Articles of Incorporation to conduct its transition to a company with an Audit and Supervisory Committee, in light of further improving corporate governance by strengthening the supervisory function of the Board of Directors.

In addition, with the enforcement of the “Act for Partial Revision of the Companies Act” (Act No. 90 of 2014), the Company can now enter into liability limitation agreements with Directors who do not engage in business execution as well as External Directors. Accordingly, it is proposed that the Articles of Incorporation be amended in order to facilitate the recruitment of competent human resources as Directors and to have them fully perform their expected roles.

The consent of each Corporate Auditor has been obtained in regard to Article 27. (Limitation of Liability of Directors) in proposed amendments.

2. Description of the amendments

Amendments are described as follows.

These amendments shall come into effect at the conclusion of this General Shareholders’ Meeting.

(Amendments are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>CHAPTER I. GENERAL PROVISIONS</p> <p>Article 1. - Article 3. <Provision omitted></p> <p>Article 4. Organs In addition to the General Shareholders’ Meeting and Directors, the Company shall have the following organs.</p> <p>(1) Board of Directors (2) <u>Corporate Auditors</u> (3) <u>Board of Corporate Auditors</u> (4) Independent Auditor</p> <p>Article 5. - Article 18. <Provision omitted></p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. Number of Directors <u>The Company shall have not more than fifteen (15) Directors.</u></p> <p><New></p>	<p>CHAPTER I. GENERAL PROVISIONS</p> <p>Article 1. - Article 3. <Unchanged></p> <p>Article 4. Organs In addition to the General Shareholders’ Meeting and Directors, the Company shall have the following organs.</p> <p>(1) Board of Directors (2) <u>Audit and Supervisory Committee</u> <Deleted> (3) Independent Auditor</p> <p>Article 5. - Article 18. <Unchanged></p> <p>CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19. Number of Directors <u>Directors of the Company shall be not more than fifteen (15) Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p> <p><u>2.The Directors of the Company who are Audit and Supervisory Committee Members shall be not more than five (5).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Article 20. Election of Director Directors shall be elected by the General Shareholders' Meeting.</p> <p>2. <Provision omitted> 3. <Provision omitted></p> <p>Article 21. Term of Office of Directors The term of office of Directors shall expire at the conclusion of the Annual General Shareholders' Meeting for the last business year that ends within one (1) year after their election.</p> <p style="text-align: center;"><New></p> <p style="text-align: center;"><New></p> <p>Article 22. Convocation of Meetings of the Board of Directors A notice of convocation of the meeting of the Board of Directors shall be forwarded to each Director <u>and Corporate Auditor</u> at least three (3) days prior to the date of the meeting, however, this period may be shortened in the event of an emergency.</p> <p>Article 23. Representative Directors and Directors with Executive Power The Board of Directors may elect one (1) Chairman of the Board, one (1) President <u>and several Vice Chairmen of the Board, Senior Executive Vice Presidents, Executive Vice Presidents and Senior Vice Presidents</u> when necessary by resolution.</p> <p>2. <Provision omitted> 3. <Provision omitted></p>	<p>Article 20. Election of Director Directors shall be elected by the General Shareholders' Meeting, <u>while making distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>2. <Unchanged> 3. <Unchanged></p> <p>Article 21. Term of Office of Directors The term of office of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) shall expire at the conclusion of the Annual General Shareholders' Meeting for the last business year that ends within one (1) year after their election.</p> <p><u>2. The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Annual General Shareholders' Meeting for the last business year that ends within two years from his/her election.</u></p> <p><u>3. The term of office of a Director who is an Audit and Supervisory Committee Member elected as a substitute for a Director who is an Audit and Supervisory Committee Member retired before the expiration of his/her term of office shall expire on the expiration of the term of office of the said retired Director.</u></p> <p>Article 22. Convocation of Meetings of the Board of Directors A notice of convocation of the meeting of the Board of Directors shall be forwarded to each Director at least three (3) days prior to the date of the meeting, however, this period may be shortened in the event of an emergency.</p> <p>Article 23. Representative Directors and Directors with Executive Power The Board of Directors may elect one (1) Chairman of the Board <u>and one (1) President from among Directors who are not Audit and Supervisory Committee Members</u> when necessary by resolution.</p> <p>2. <Unchanged> 3. <Unchanged></p>

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="236 309 772 371">Article 24. Omission of Resolutions of Board of Directors</p> <p data-bbox="389 376 619 407"><Provision omitted></p> <p data-bbox="459 448 549 479"><New></p> <p data-bbox="236 792 746 855">Article 25. Compensation and Other Payments for Directors</p> <p data-bbox="271 860 753 1097">The compensation, bonuses and other financial benefits received from the Company as consideration for the execution of the duties (<u>hereinafter referred to as “Compensations”</u>) of Directors shall be determined by resolution of the General Shareholders’ Meeting.</p> <p data-bbox="236 1173 746 1205">Article 26. Limitation of Liability of Directors</p> <p data-bbox="389 1209 619 1240"><Provision omitted></p> <p data-bbox="236 1245 772 1482">2. The Company may enter into an agreement with <u>External</u> Directors as stipulated by Article 423, Paragraph 1 of the Companies Act where the amount of the liability limitation under said agreement is the total of the amounts stipulated by Article 425, Paragraph 1 of same.</p> <p data-bbox="236 1559 778 1621"><u>CHAPTER V. CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></p> <p data-bbox="459 1662 549 1693"><New></p>	<p data-bbox="820 309 1347 371">Article 24. Omission of Resolutions of Board of Directors</p> <p data-bbox="1005 376 1171 407"><Unchanged></p> <p data-bbox="820 448 1203 479"><u>Article 25. Delegation to Directors</u></p> <p data-bbox="855 483 1356 752"><u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Board of Directors may delegate to Directors all or part of decisions on the execution of important operations (excluding matters stipulated in the items in Paragraph 5 of the said Article) by the resolution of the Board of Directors.</u></p> <p data-bbox="820 792 1331 855">Article 26. Compensation and Other Payments for Directors</p> <p data-bbox="855 860 1347 1128">The compensation, bonuses and other financial benefits received from the Company as consideration for the execution of the duties of Directors shall be determined by resolution of the General Shareholders’ Meeting, <u>while making distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p data-bbox="820 1173 1331 1205">Article 27. Limitation of Liability of Directors</p> <p data-bbox="1005 1209 1171 1240"><Unchanged></p> <p data-bbox="820 1245 1353 1514">2. The Company may enter into an agreement with Directors (<u>excluding Directors who are Executive Directors, etc.</u>) as stipulated by Article 423, Paragraph 1 of the Companies Act where the amount of the liability limitation under said agreement is the total of the amounts stipulated by Article 425, Paragraph 1 of same.</p> <p data-bbox="820 1559 1347 1621"><u>CHAPTER V. AUDIT AND SUPERVISORY COMMITTEE</u></p> <p data-bbox="820 1662 1331 1724"><u>Article 28. Convocation of Meetings of Audit and Supervisory Committee</u></p> <p data-bbox="855 1729 1347 1962"><u>A notice of convocation of the meeting of Audit and Supervisory Committee shall be forwarded to each Director who is an Audit and Supervisory Committee Member at least three (3) days prior to the date of each meeting, however, this period may be shortened in the event of an emergency.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;"><New></p> <p><u>Article 27. Number of Corporate Auditors</u> <u>The Company shall have not more than five (5) Corporate Auditors.</u></p> <p><u>Article 28. Election of Corporate Auditors</u> <u>Corporate Auditors shall be elected by the General Shareholders' Meeting.</u></p> <p><u>2. Resolutions for the election of Corporate Auditors specified in the preceding paragraph shall be adopted by a majority of the voting rights held by shareholders present at the meeting who represent not less than one-third of the voting rights of the shareholders entitled to vote.</u></p> <p><u>Article 29. Term of Office of Corporate Auditors</u> <u>The term of office of Corporate Auditors shall expire at the conclusion of the Annual General Shareholders' Meeting for the last business year that ends within four (4) years after their election.</u></p> <p><u>2. The term of office of a Corporate Auditor appointed to fill a vacancy of a Corporate Auditor who has retired prior to the expiration of the term of office shall be the remainder of said term.</u></p> <p><u>Article 30. Convocation of Meetings of the Board of Corporate Auditors</u> <u>A notice of convocation of the meeting of the Board of Corporate Auditors shall be forwarded to each Corporate Auditor at least three (3) days prior to the date of each meeting; provided, however, this period may be shortened in the event of an emergency.</u></p> <p><u>Article 31. Full-time Corporate Auditors</u> <u>The Board of Corporate Auditors shall select Full-time Corporate Auditors by resolution.</u></p>	<p><u>Article 29. Full-time Audit and Supervisory Committee Members</u> <u>The Audit and Supervisory Committee may select Full-time Directors who are Audit and Supervisory Committee Members by resolution.</u></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p> <p style="text-align: center;"><Deleted></p>

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 32. Compensation and Other Payments for Corporate Auditors</u> <u>The compensation and other payments for Corporate Auditors shall be determined by resolution of the General Shareholders' Meeting.</u></p> <p><u>Article 33. Limitation of Liability of Corporate Auditors</u> <u>The Company may, by resolution of the Board of Directors, limit the liability of Corporate Auditors as stipulated by Article 423, Paragraph 1 of the Companies Act to the extent permitted by law.</u> <u>2. The Company may enter into an agreement with External Corporate Auditors with respect to their liabilities as stipulated by Article 423, Paragraph 1 of the Companies Act where the amount of the liability limitation under said agreement is the total of the amounts stipulated by Article 425, Paragraph 1 of same.</u></p>	<p><Deleted></p> <p><Deleted></p>
<p style="text-align: center;">CHAPTER VI. ACCOUNTS</p> <p>Article <u>34.</u> - Article <u>37.</u> <Provision omitted></p> <p style="text-align: center;"><New></p>	<p style="text-align: center;">CHAPTER VI. ACCOUNTS</p> <p>Article <u>30.</u> - Article <u>33.</u> <Unchanged></p> <p style="text-align: center;"><u>Supplementary Provisions</u></p> <p><u>Transitional Measures concerning Limitation of Liability of Corporate Auditors</u> <u>The Company may, by resolution of the Board of Directors, limit the liability of Corporate Auditors, who are Corporate Auditors (including former Corporate Auditors) prior to the conclusion of the 152nd General Shareholders' Meeting to be held in June 2016, as stipulated by Article 423, Paragraph 1 of the Companies Act to the extent permitted by law.</u></p>

Item 3: Election of Nine Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The Company will transition to a company with an Audit and Supervisory Committee, subject to the approval and passage of Item 2 “Partial Amendments to the Articles of Incorporation,” and the terms of office for all ten Directors will expire at the conclusion of this General Shareholders’ Meeting. Accordingly, it is proposed that nine Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected.

This Item shall come into effect provided that amendments to the Articles of Incorporation in Item 2 “Partial Amendments to the Articles of Incorporation” have come into effect.

The candidates are as follows:

Candidate number 1	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Makoto Kimura</p> <p>Date of birth: February 3, 1948</p> <p>Shares held in the Company: 49,300 shares</p>	<p>Apr. 1974: Joined the Company</p> <p>Jun. 2001: Corporate Vice President, General Manager of Marketing & Merchandising Management Department, Imaging Company, the Company</p> <p>Jan. 2002: Corporate Vice President, General Manager of Marketing Management Department, Imaging Company, the Company</p> <p>Oct. 2002: Corporate Vice President, President of Imaging Company, the Company</p> <p>Jun. 2003: Managing Director, Member of the Board & Executive Vice President, President of Imaging Company, the Company</p> <p>Jun. 2005: Senior Managing Director, Member of the Board & Executive Vice President, President of Imaging Company, the Company</p> <p>Jun. 2007: Director, Member of the Board & Executive Vice President, President of Imaging Company, the Company</p> <p>Jun. 2009: Director, Member of the Board & Senior Executive Vice President, Officer in charge of Business Development Headquarters, President of Imaging Company, the Company</p> <p>Jun. 2010: Director, President, Member of the Board, Officer in charge of Business Development Headquarters, the Company</p> <p>Jun. 2014: Chairman of the Board and Representative Director, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Makoto Kimura has been engaged mainly in camera design since joining the Company. After working at our camera sales subsidiary in the United States of America, he has served as General Manager of Marketing Management Department and President of Imaging Company, and President of the Company. He is currently promoting the rebuilding of our business portfolio, exploiting his achievements including contributing to the launch and growth of the Company’s digital camera business, and his experience in strengthening the Nikon Group’s corporate structure as President of the Company. We believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	

Candidate number 2	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Kazuo Ushida</p> <p>Date of birth: January 25, 1953</p> <p>Shares held in the Company: 28,399 shares</p>	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2003: Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, the Company</p> <p>Jun. 2005: Managing Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2007: Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2009: Director, Member of the Board & Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, the Company</p> <p>Jun. 2013: Director, Member of the Board & Senior Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, Vice Officer in charge of Corporate Planning Headquarters, the Company</p> <p>Jun. 2014: President and Representative Director, Overseeing Medical Business Development Division and Business Development Division, the Company</p> <p>Jun. 2015: President and Representative Director, Overseeing Corporate Strategy Division, Medical Business Development Division and Business Development Division, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Kazuo Ushida has been engaged mainly in development of the semiconductor lithography systems since joining the Company, and has served as General Manager of Development Headquarters and President of Precision Equipment Company. He is currently leading the rebuilding of our business portfolio, exploiting his experience in business operation cultivated in the globally competitive environment of the cutting-edge semiconductor lithography market. We believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	
Candidate number 3	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed</p> <p>Masashi Oka</p> <p>Date of birth: July 11, 1955</p> <p>Shares held in the Company: 0 shares</p>	<p>Apr. 1979: Joined The Mitsubishi Bank, Ltd.</p> <p>Jun. 2004: General Manager and Global Head, Syndicated Finance Division of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun. 2005: Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd. (Director & Vice Chairman, UnionBanCal Corporation & Union Bank of California, N.A.)</p> <p>Apr. 2008: Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. General Manager, Corporate & Investment Banking Strategy Division</p> <p>Oct. 2009: Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Group Head, Corporate & Investment Banking Group</p> <p>Jul. 2010: Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (President and CEO, UnionBanCal Corporation and Union Bank, N.A.)</p> <p>May 2012: Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. CEO for the Americas (President and CEO, UnionBanCal Corporation and Union Bank, N.A.)</p> <p>May 2013: Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jul. 2014: Special Advisor to the President & CEO of The Bank of Tokyo-Mitsubishi UFJ, Ltd. Executive Chairman, MUFG Americas Holdings Corporation and MUFG Union Bank, N.A.</p> <p>Oct. 2015: Special Advisor to the President & CEO of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (scheduled to retire from the position in June 2016)</p> <p>May 2016: Counselor, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Masashi Oka joined The Mitsubishi Bank, Ltd. in 1979. Since his appointment as an executive officer of The Bank of Tokyo-Mitsubishi, Ltd. in 2005, he was mainly engaged in corporate and investment banking (CIB) business and operation of businesses in the Americas of the Mitsubishi UFJ Financial Group, and served as a managing executive officer and a senior managing executive officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd., as well as CEO of the bank's affiliates, UnionBanCal Corporation and Union Bank, N.A. As he possesses a wealth of experience and achievements in global business operation and finance in general, we believe that he is sufficiently qualified for directorship, and so nominate him as a candidate for the position of Director.</p>	

Candidate number 4	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Yasuyuki Okamoto</p> <p>Date of birth: January 3, 1956</p> <p>Shares held in the Company: 12,000 shares</p>	<p>Apr. 1978: Joined the Company</p> <p>Jun. 2005: Corporate Vice President, General Manager of Marketing Management Department, Imaging Company, the Company</p> <p>Oct. 2006: Corporate Vice President, General Manager of Marketing Headquarters, Imaging Company, the Company</p> <p>Oct. 2007: Corporate Vice President, the Company President & CEO of Nikon Inc.</p> <p>Jun. 2009: Senior Vice President, the Company President & CEO of Nikon Inc.</p> <p>Jun. 2010: Director, Member of the Board & Senior Vice President, President of Imaging Company, the Company</p> <p>Jun. 2014: Senior Vice President and Director, Overseeing Business Support Division and Imaging Business Unit, the Company</p> <p>Jun. 2015: Senior Vice President and Director, Overseeing Business Support Division, Imaging Business Unit, Microscope Solutions Business Unit and Industrial Metrology Business Unit, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Yasuyuki Okamoto, after having been engaged primarily in marketing and overseas sales in the Imaging Products Business since joining the Company, has served as the president of our overseas sales subsidiary, President of Imaging Company, etc. contributing to increased sales for the Imaging Products Business of the Company. As he has a wealth of experience in business operation, we believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	
Candidate number 5	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Hiroshi Ohki</p> <p>Date of birth: August 12, 1954</p> <p>Shares held in the Company: 14,200 shares</p>	<p>Apr. 1979: Joined the Company</p> <p>Jun. 2008: Corporate Vice President, General Manager of Research & Development Headquarters, Core Technology Center, the Company</p> <p>Jun. 2011: Senior Vice President, Vice President of Core Technology Center & General Manager of Research & Development Headquarters, Core Technology Center, the Company</p> <p>Jun. 2012: Director, Member of the Board & Senior Vice President, President of Core Technology Center, the Company</p> <p>Jun. 2014: Director, Member of the Board & Senior Vice President, General Manager of Core Technology Division, Overseeing Intellectual Property Division, Semiconductor Lithography Business Unit, Microscope Solutions Business Unit, Industrial Metrology Business Unit, Customized Products Business Unit, the Company</p> <p>Jun. 2015: Senior Vice President and Director, General Manager of Core Technology Division, Overseeing Intellectual Property Division, Semiconductor Lithography Business Unit, FPD Lithography Business Unit, Customized Products Business Unit, Glass Business Unit and Encoder Business Unit, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Hiroshi Ohki has been engaged primarily in the development of optics technology since joining the Company, and has served as General Manager of Research & Development Headquarters, Core Technology Center, etc. We have determined that he contributes to maintaining and improving the Group's prowess in technology and development and to creating technological synergy in new business areas, from his achievements in leading research and development in the fields of opto-electronics and precision technologies, which are at the core of the Company. We believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	

Candidate number 6	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Takaharu Honda</p> <p>Date of birth: November 20, 1954</p> <p>Shares held in the Company: 10,900 shares</p>	<p>Apr. 1977: Joined the Company</p> <p>Jun. 2008: Corporate Vice President, General Manager of Business Planning Department, Imaging Company, the Company</p> <p>Jun. 2011: Senior Vice President, Officer in charge of Corporate Communications & IR Department, General Manager of Corporate Planning Headquarters, the Company</p> <p>Jun. 2014: Senior Vice President and Director, General Manager of Human Resources & Administration Division, Overseeing Information Security Division and Information System Division, the Company</p> <p>Apr. 2016: Senior Vice President and Director, General Manager of Human Resources & Administration Division, Overseeing Information Security Division and IT Solutions Division, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Takaharu Honda, after having been engaged primarily in sales of the Imaging Products Business since joining the Company, has served as General Manager of Business Planning Department, Imaging Company, General Manager of Corporate Planning Headquarters, and General Manager of Human Resources & Administration Division. We have determined that he contributes to improving the efficiency of the Group's management from his wealth of experience as the overseer of the planning and administration sections. We believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	
Candidate number 7	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Tomohide Hamada</p> <p>Date of birth: February 6, 1957</p> <p>Shares held in the Company: 8,100 shares</p>	<p>Apr. 1980: Joined the Company</p> <p>Jun. 2009: Corporate Vice President, General Manager of 2nd Development Department, LCD Equipment Division, Precision Equipment Company, the Company</p> <p>Jun. 2012: Corporate Vice President, General Manager of LCD Equipment Division, Precision Equipment Company, the Company</p> <p>Jun. 2013: Senior Vice President, General Manager of LCD Equipment Division, Precision Equipment Company, the Company</p> <p>Jun. 2014: Senior Vice President and Director, General Manager of Corporate Strategy Division, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Tomohide Hamada, after having been engaged primarily in the development of measuring instruments and FPD lithography systems since joining the Company, has served as the overseer of the FPD Lithography Business and has been instrumental in strengthening the structure of this business segment. Since 2014, he has been in charge of the rebuilding of our business portfolio as General Manager of Corporate Strategy Division. We believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	

Candidate number 8	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Toshiyuki Masai</p> <p>Date of birth: August 5, 1952</p> <p>Shares held in the Company: 21,000 shares</p>	<p>Mar. 1980: Joined the Company</p> <p>Jun. 2005: Corporate Vice President, the Company President & CEO of Nikon Inc.</p> <p>Sep. 2007: Corporate Vice President, the Company President of Nikon Europe B.V.</p> <p>Jun. 2009: Director, Member of the Board & Senior Vice President, President, Instruments Company, the Company</p> <p>Jun. 2014: Director, the Company (to present)</p> <p>[Important concurrent positions outside the Company] Director & Executive Vice President of JEOL Ltd.</p>
<p>Note:</p> <p>If the proposal of “Partial Amendments to the Articles of Incorporation” in Item 2 and this proposal are approved, the Company plans to enter into an agreement with Toshiyuki Masai that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement will be the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Toshiyuki Masai, after having been engaged primarily in trade and marketing operations in the Instruments Business since joining the Company, has served as the presidents of overseas subsidiaries, President of Instruments Company, etc. As he possesses a wealth of overseas experience and deep insight as an overseer of business, we believe that he is sufficiently qualified for directorship, and so nominate him as a candidate to continue as Director.</p>	
Candidate number 9	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed/ External/Independent</p> <p>Akio Negishi</p> <p>Date of birth: October 31, 1958</p> <p>Shares held in the Company: 0 shares</p>	<p>Apr. 1981: Joined Meiji Life Insurance Company</p> <p>Jul. 2009: Executive Officer of Meiji Yasuda Life Insurance Company</p> <p>Apr. 2012: Managing Executive Officer of Meiji Yasuda Life Insurance Company</p> <p>Jul. 2013: Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company (to present)</p>
<p>Notes:</p> <ol style="list-style-type: none"> Akio Negishi is a candidate for the position of External Director as provided for under the Companies Act. The Company plans to report him to Tokyo Stock Exchange, Inc. as an independent director. If this proposal is approved, the Company plans to enter into an agreement with Akio Negishi that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement will be the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. <p>[Special interests in the Company] The Company borrows loans from Meiji Yasuda Life Insurance Company, of which Akio Negishi is President, Representative Executive Officer, and the Company has an insurance transaction relationship with Meiji Yasuda Life Insurance Company. The amounts of transactions with the company in the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 20).</p> <p>[Reasons for candidacy] Akio Negishi has served as Representative Executive Officer of Meiji Yasuda Life Insurance Company, and possesses many years of management experience and exceptional knowledge, and we believe that he will be able to contribute to our management overall from a big-picture perspective. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>	

Item 4: Election of Five Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee, subject to the approval and passage of Item 2 “Partial Amendments to the Articles of Corporation.” Accordingly, it is proposed that five Directors who are Audit and Supervisory Committee Member be elected.

The consent of the Board of Corporate Auditors has been obtained for this item.

This item shall come into effect provided that amendments to the Articles of Incorporation in Item 2 “Partial Amendments to the Articles of Incorporation” have come into effect.

The candidates are as follows:

Candidate number 1	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed</p> <p>Norio Hashizume</p> <p>Date of birth: December 4, 1952</p> <p>Shares held in the Company: 18,006 shares</p>	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2005: Corporate Vice President, General Manager of Financing & Accounting Department, the Company</p> <p>Jun. 2009: Director, Member of the Board & Corporate Vice President, Officer in charge of Affiliates Administration Department, General Manager of Financing & Accounting Department, the Company</p> <p>Jun. 2010: Director, Member of the Board & Senior Vice President, General Manager of Finance & Accounting Headquarters, the Company</p> <p>Jun. 2014: Senior Vice President and Director, Overseeing Finance & Accounting Division, the Company</p> <p>Jun. 2015: Corporate Auditor (to present)</p>
<p>Note:</p> <p>If the proposal of “Partial Amendments to the Articles of Incorporation” in Item 2 and this proposal are approved, the Company plans to enter into an agreement with Norio Hashizume that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement will be the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Norio Hashizume has been engaged in finance and accounting operations since joining the Company, and has served as General Manager of Finance & Accounting Headquarters, etc. As he possesses a high degree of expertise in finance and accounting, we believe that he is qualified to fulfill the responsibilities of an Audit and Supervisory Committee Member from a general supervisory perspective on management, and so nominate him as a candidate for the position of Director who is an Audit and Supervisory Committee Member.</p>	
Candidate number 2	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed</p> <p>Koichi Fujiu</p> <p>Date of birth: September 11, 1955</p> <p>Shares held in the Company: 1,100 shares</p>	<p>Apr. 1978: Joined the Company</p> <p>Jun. 2008: General Manager of Internal Audit Department, the Company</p> <p>Jun. 2014: Corporate Auditor, the Company (to present)</p>
<p>Note:</p> <p>If the proposal of “Partial Amendments to the Articles of Incorporation” in Item 2 and this proposal are approved, the Company plans to enter into an agreement with Koichi Fujiu that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement will be the minimum amount prescribed in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Koichi Fujiu, after having been engaged in accounting-related operations since joining the Company, has served as the overseer of the internal audit sections. As he possesses a high degree of expertise in finance and accounting, we believe that he is qualified to fulfill the responsibilities of an Audit and Supervisory Committee Member from a general supervisory perspective on management, and so nominate him as a candidate for the position of Director who is an Audit and Supervisory Committee Member.</p>	

Candidate number 3	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed/ External/Independent</p> <p>Haruya Uehara</p> <p>Date of birth: July 25, 1946</p> <p>Shares held in the Company: 5,400 shares</p>	<p>Apr. 1969: Joined Mitsubishi Trust and Banking Corporation</p> <p>Jun. 1996: Director of Mitsubishi Trust and Banking Corporation</p> <p>Apr. 2004: President of Mitsubishi Trust and Banking Corporation</p> <p>Oct. 2005: President of Mitsubishi UFJ Trust and Banking Corporation</p> <p>Jun. 2008: Chairman of Mitsubishi UFJ Trust and Banking Corporation</p> <p>Jun. 2011: External Corporate Auditor, the Company (to present)</p> <p>Apr. 2012: Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation (to present)</p> <p>[Important concurrent positions outside the Company]</p> <p>External Director of KOITO MANUFACTURING CO., LTD.</p> <p>External Corporate Auditor of Mitsubishi Research Institute, Inc.</p>
<p>Notes:</p> <ol style="list-style-type: none"> Haruya Uehara is a candidate for the position of External Director as provided for under the Companies Act. He is reported to Tokyo Stock Exchange, Inc. as being an independent director. He will have served as External Corporate Auditor for the Company for five years at the conclusion of this General Shareholders' Meeting. The Company has signed an agreement with Haruya Uehara that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. If this proposal is approved, the Company plans to enter into the same agreement with him. The Company borrows loans, etc. from Mitsubishi UFJ Trust and Banking Corporation, for which Haruya Uehara serves as senior advisor. The amounts of transactions with the company for the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 20). <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Haruya Uehara has a career as President of Mitsubishi UFJ Trust and Banking Corporation and possesses long years of management experience and outstanding insight, and we believe that he will be able to contribute to securing the soundness and appropriateness of the management, as well as to increasing transparency. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>	
Candidate number 4	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed/ External/Independent</p> <p>Hiroshi Hataguchi</p> <p>Date of birth: April 8, 1940</p> <p>Shares held in the Company: 9,000 shares</p>	<p>Apr. 1967: Registered as attorney at law</p> <p>Apr. 1967: Joined Export-Import Bank of Japan</p> <p>Apr. 1969: Resigned from Export-Import Bank of Japan</p> <p>Feb. 1972: Joined Otsuka General Legal Office</p> <p>Apr. 1987: Professor of Legal Training and Research Institute, Supreme Court of Japan</p> <p>Mar. 1990: Retired from the position of Professor, Legal Training and Research Institute, Supreme Court of Japan</p> <p>Apr. 1990: Lecturer of Faculty of Law, Hosei University</p> <p>Apr. 1994: Vice President of Daiichi Tokyo Bar Association</p> <p>Mar. 1995: Retired from the position of Vice President, Daiichi Tokyo Bar Association</p> <p>Apr. 1996: Governor of Japan Federation of Bar Associations</p> <p>Mar. 1997: Retired from the position of Governor, Japan Federation of Bar Associations</p> <p>Mar. 2005: Retired from the position of Lecturer, Faculty of Law, Hosei University</p> <p>Dec. 2009: Retired from Otsuka General Legal Office</p> <p>Jan. 2010: Established Hataguchi Legal Office (to present)</p> <p>Jun. 2011: External Corporate Auditor, the Company (to present)</p>
<p>Notes:</p> <ol style="list-style-type: none"> Hiroshi Hataguchi is a candidate for the position of External Director as provided for under the Companies Act. He is reported to Tokyo Stock Exchange, Inc. as being an independent director. He will have served as External Corporate Auditor for the Company for five years at the conclusion of this General Shareholders' Meeting. The Company has signed an agreement with Hiroshi Hataguchi that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. If this proposal is approved, the Company plans to enter into the same agreement with him. <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Despite having no experiences in corporate management other than having served as an external director or an external corporate auditor in the past, Hiroshi Hataguchi has expertise and experience concerning compliance, etc. as an attorney at law, and we believe that he will be able to contribute to securing the soundness and appropriateness of the management, as well as to increasing transparency. He also meets the independence criteria set by the Company (see page 20), and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>	

Candidate number 5	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed/ External/Independent</p> <p>Kunio Ishihara</p> <p>Date of birth: October 17, 1943</p> <p>Shares held in the Company: 0 shares</p>	<p>Apr. 1966: Joined The Tokio Marine and Fire Insurance Co., Ltd.</p> <p>Jun. 2001: President of The Tokio Marine & Fire Insurance Co., Ltd.</p> <p>Apr. 2002: President of Millea Holdings, Inc.</p> <p>Oct. 2004: President of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Jun. 2007: Chairman of the Board of Tokio Marine & Nichido Fire Insurance Co., Ltd.</p> <p>Jun. 2007: Chairman of the Board of Millea Holdings, Inc.</p> <p>Jul. 2008: Chairman of the Board of Tokio Marine Holdings, Inc.</p> <p>Jun. 2013: Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. (to present)</p> <p>[Important concurrent positions outside the Company] External Corporate Auditor of TOKYU CORPORATION External Director of Japan Post Holdings Co., Ltd.</p>
<p>Notes:</p> <ol style="list-style-type: none"> 1. Kunio Ishihara is a candidate for the position of External Director as provided for under the Companies Act. The Company plans to report him to Tokyo Stock Exchange, Inc. as an independent director. 2. If this proposal is approved, the Company plans to enter into an agreement with Kunio Ishihara that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement will be the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. 3. The Company has an insurance transaction relationship with Tokio Marine & Nichido Fire Insurance Co., Ltd., for which Kunio Ishihara serves as counsellor. The amounts of transactions with the company for the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 20). <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Kunio Ishihara has a career as Member of the Board, President of Tokio Marine & Nichido Fire Insurance Co., Ltd., etc. and possesses long years of management experience and outstanding insight, and we believe that he will be able to contribute to securing the soundness and appropriateness of the management, as well as to increasing transparency. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management oversight function from an independent, fair and objective position as External Director.</p>	

(Reference)

Independence Criteria for External Directors / External Corporate Auditors

The Company shall deem that an External Director / External Corporate Auditor is independent when the External Director / External Corporate Auditor meets the requirements for an external director / external corporate auditor under the Companies Act and applies to none of the following items.

- a) The candidate is or was employed by the Group.
- b) The candidate is a “principal business partner*” of the Company, or a person who executes business of such “principal business partner.”
- c) The candidate is a major shareholder, or a person who executes business of such major shareholder.
- d) The candidate comes from a company any of whose directors / corporate auditors serves as the Company’s external director / corporate auditor and whose external directors / corporate auditors include any of the Company’s directors / corporate auditors.
- e) The candidate is a donee to which the Company makes a donation, or a person who comes from such donee.
- f) A relative within second degree of kinship of the candidate is an important person who executes business of the Group or a “principal business partner” of the Company.

* “Principal business partner” means a business partner that falls under any one of the following items:

- (1) Business partner that has either of the following transactions during one of the past three years:
 - The payment from the Company exceeds 2% of consolidated net sales of the business partner or 100 million yen, whichever is larger.
 - The payment to the Company exceeds 2% of consolidated net sales of the Company or 100 million yen, whichever is larger.
- (2) A consultant or an accounting/legal professional whose average annual remuneration received from the Company for the past three fiscal years exceeds 10 million yen.

Item 5: Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The amount of compensation for Directors of the Company was approved at the 147th Annual General Shareholders' Meeting held on June 29, 2011 as an amount of 650 million yen or less per year for monthly compensation and subscription rights to shares granted as stock-related compensation (the amount does not include the portion of salaries for Directors who also serve as employees), and has since been as such up to this date. However, the Company will transition to a company with an Audit and Supervisory Committee, subject to the approval and passage of Item 2 "Partial Amendments to the Articles of Incorporation." Accordingly, to accompany this transition to a company with an Audit and Supervisory Committee, it is proposed to set, in place of the amount of compensation for Directors currently set, the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter "Directors other than those who are Audit and Supervisory Committee Members") at the same amount as previous 650 million yen or less per year (of which 50 million yen is for External Directors per year) (this amount does not include the portion of salaries for Directors who also serve as employees) after consideration of various circumstances such as the compensation paid to Directors in the past and the authorized number of Directors other than those who are Audit and Supervisory Committee Members, which is not more than 15. It is further proposed that the amount for each individual, the time of payment, the method for payment, etc. be entrusted to the Board of Directors. Currently, the number of Directors are ten (of which three are Directors who do not engage in business execution (hereinafter "Non-Executive Directors"), including two External Directors). In the event that Items 2 and 3 are approved as proposed, Directors other than those who are Audit and Supervisory Committee Members will be nine (of which two are Non-Executive Directors, including one External Director).

This item shall come into effect provided that amendments to the Articles of Incorporation in Item 2 "Partial Amendments to the Articles of Incorporation" have come into effect.

To heighten incentive and the morale of the Company's Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors), subscription rights to shares (hereinafter the "Subscription Right to Shares") are to be allotted to the Company's Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) for each year as subscription rights to shares granted as stock-related compensation by resolution of the Board of Directors, within the aforementioned amount of compensation for Directors other than those who are Audit and Supervisory Committee Members. The upper limit of compensation associated with the allotment of the Subscription Right to Shares and the contents of the Subscription Right to Shares shall be as described below.

The Subscription Right to Shares shall be issued by resolution of the Board of Directors to Directors who have been allotted subscription rights to shares, on the condition that they be granted compensation

in the amount equal to the amount to be paid in and offset the right to claim for this compensation with the amount to be paid in for these subscription rights to shares.

(1) The upper limit of compensation associated with the allotment of the Subscription Right to Shares shall be 170 million yen per year (this amount does not include the portion of salaries for Directors who also serve as employees), which shall be part of the above-mentioned amount of compensation (650 million yen) for Directors other than those who are Audit and Supervisory Committee Members.

(2) The contents of the Subscription Right to Shares shall be as described below.

(i) Total number of subscription rights to shares

The upper limit shall be a number (fractions omitted) calculated by dividing an amount less than the amount per year set in (1) by the fair price per subscription right to shares, which is calculated based on the Black-Scholes formula using various conditions such as the share price on the date of allotment of subscription rights to shares (hereinafter “date of allotment”), the stock fluctuation rate calculated based on a consistent standard and the length of the exercise period of the subscription right to shares, and shall be not more than 3,200, subject to resolution of the Board of Directors.

(ii) Amount to be paid in for the subscription rights to shares

The amount to be paid in per subscription right to shares shall be the aforementioned fair price.

(iii) Class and number of shares to be issued against the subscription rights to shares (hereinafter “number of shares allotted”)

Issued shares shall be common stock, with 100 shares per subscription right to shares.

In the event that it becomes appropriate for the Company to adjust the number of shares after the date of allotment as a result of the Company’s common stock split (including allotment of shares of its common stock without contribution) or reverse common stock split, the Company shall make adjustments as it deems necessary.

(iv) Value of assets to be contributed upon exercise of each subscription right to shares

The price of a share granted upon exercise of the subscription rights to shares shall be 1 yen per share, and the amount shall be this price multiplied by the number of shares allotted.

(v) Period during which the subscription rights to shares may be exercised

The period shall be within 30 years commencing on the date following the date of allotment, and shall be determined by the Board of Directors.

(vi) Restrictions on acquisition of the subscription rights to shares by transfer

Acquisition of the subscription rights to shares by transfer shall require approval by resolution of the Board of Directors.

(vii) Other conditions of exercise of the subscription rights to shares

Holders of the subscription rights to shares become eligible to exercise their subscription rights to shares, as a rule, after one year has elapsed since the date he has lost any of the positions as Director, Officer and Corporate Advisor of the Company within the period aforementioned in (v). Other conditions regarding the exercise of the subscription rights to shares shall be determined by the Board

of Directors.

Item 6: Determination of the Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members

The Company will transition to a company with an Audit and Supervisory Committee, subject to the approval and passage of Item 2 “Partial Amendments to the Articles of Incorporation.”

Directors who are Audit and Supervisory Committee Members, in addition to engaging in audit work conventionally assumed by Corporate Auditors, will participate in resolutions of the Board of Directors as Directors and also supervise the execution of duties of Directors. As Directors who are Audit and Supervisory Committee Members will have increasing responsibilities, it is proposed that the amount of compensation be raised to an appropriate level, and be set at 150 million yen or less per year.

If Items 2 and 4 are approved as proposed, Directors who are Audit and Supervisory Committee Members will be five.

This Item shall come into effect provided that amendments to the Articles of Incorporation in Item 2 “Partial Amendments to the Articles of Incorporation” have come into effect.

Item 7: Determination of the Amount and Contents of Compensation, etc. in Performance-based Stock Remuneration System for the Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

This item relates to the amount and contents of compensation, etc. in performance-based stock remuneration system for Directors that was approved at the 151st Annual General Shareholders' Meeting held on June 26, 2015. This Item is required for a procedure to amend the target of the aforementioned system to Directors other than those who are Audit and Supervisory Committee Members and Officers, with the transition to a company with an Audit and Supervisory Committee.

1. Reasons for the proposal and justifying such remuneration system, etc.

The Company received approval at the 151st Annual General Shareholders' Meeting to introduce the performance-based stock remuneration system (hereinafter the "System") for Directors (excluding External Directors and non-full-time Directors) and Officers. To accompany the transition to a company with an Audit and Supervisory Committee subject to the approval and passage of Item 2 "Partial Amendments to the Articles of Incorporation," it is proposed that the portion of compensation related to the System for Directors other than those who are Audit and Supervisory Committee Members (excluding External Directors and non-full-time Directors) and Officers (hereinafter collectively referred to as "Directors, etc.") be newly set, in place of the existing portion of compensation related to the System for Directors, etc. It should be noted that this portion of compensation shall be set, as in the existing portion of compensation related to the System, separately from the portion of compensation for which approval is sought in Item 5 "Determination of the Amount and Contents of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)."

We believe that the contents of the portion of compensation for which approval is sought in this Item are reasonable as they are substantially identical to the contents that were approved at the 151st Annual General Shareholders' Meeting.

This Item shall come into effect provided that amendments to the Articles of Incorporation in Item 2 "Partial Amendments to the Articles of Incorporation" have come into effect.

2. The amount and contents, etc. of the System

(1) The System summary

The System is a stock remuneration system where the Company acquires shares of the Company from the stock market using the trust money contributed as remuneration of Directors, etc. in accordance with (2) below, and deliver and pay the shares of the Company and cash equivalent of the conversion value of said shares ("Company Shares, etc.") as the remuneration of Directors, etc. every three years based on the degree of accomplishment of business performance in the final fiscal year of the Medium Term Management Plan ("Delivery, etc.").

(2) The upper limit of the amount to be contributed by the Company

The Company is planning to implement an incentive plan based on the System every three years, setting three consecutive fiscal years as a target period. The Company will contribute the trust money whose upper limit is 1,200 million yen as total, every target period as remuneration of Directors, etc. (*), and establish a trust (“Trust”) with three year trust period (including extension of a trust period below; hereinafter the same shall apply) wherein the Directors, etc., who meet the beneficiary requirements, are beneficiaries. Acquisition of Company shares by the Trust will be performed by the method of using the trust money to acquire the Company shares from the stock market in accordance with the instructions of the trust caretaker.

Specifically, the Trust to be established initially will be for the three fiscal years starting from the fiscal year that ends on March 31, 2016 up to the fiscal year that ends on March 31, 2018 to be a target period of an incentive plan based on the System. The Company will contribute the trust money whose upper limit is 1,200 million yen as total, and grant the share granting points to Directors, etc. during the trust period (please refer to (3) below). In June 2018, the Trust will conduct the Delivery, etc. of the Company Shares, etc. corresponding to the cumulative share granting points for the three fiscal years.

In addition, the existing Trust may be continued as an incentive plan based on the System, by changing the trust agreement and entrusting additional money at the expiration of the trust term. In such cases, the Company may further extend the trust term of the Trust by the same years of the initial trust period, set the three fiscal years after the extension of the trust term as a target period, entrust additional money to the Trust per each extended trust term to the extent of the upper limit of 1,200 million yen as total, and continue the grant of share granting points to Directors, etc. and Deliver, etc. of the Company Shares, etc. continuously during the extended trust term. However, in cases where such additional entrustment is made and there are remaining Company shares (excluding Company shares to be delivered to Directors, etc. corresponding to the Share Grating Points granted to the Directors, etc., which have not been delivered to the Directors, etc.) and money (collectively, the “Remaining Company Shares, etc.”) in the trust assets as of the last day of the previous trust term, the total amounts of the Remaining Company Shares, etc. and the additional contribution of trust money shall be within the upper limit of 1,200 million yen.

* As mentioned above, this item is to propose the amount and contents as remuneration for Directors other than those who are Audit and Supervisory Committee Members, regarding remuneration of Directors, etc. based on the System generally.

(3) The maximum amount of Company shares to be acquired by the Director, etc.

The amount of Company shares to deliver to the Director, etc. will be determined at the Board of Directors after consideration of discussions and advice from the Compensation Committee consisting of the representative directors, external directors and external experts, based on the number of share granting

points to be granted according to the degree of accomplishment of business performance, in accordance with a certain calculation formula. One share granting point shall be equal to one share, and if the Company shares belonged to the Trust are increased or decreased due to as a share split, allotment of shares without contribution or reverse share split, the Company will adjust the number of the Company shares to be granted per share granting point according to the ratio of such increase or decrease.

A person who is in office as the Director, etc. as of the first coming June 1 every fiscal year will be granted share granting points in accordance with the calculation formula defined below.

(Points Calculation Formula)

Base compensation by title* x ratio by title* / average price per share acquired by the Trust (fractions after the decimal point to be rounded down)

* The “base compensation by title” and “ratio by title” will be determined in consideration of factors such as responsibilities and duties, and the percentage of monetary compensation and stock compensation in overall executive compensation.

A person who is in office as Director, etc. as of the first coming June 1 every three fiscal year-end counting from the fiscal year in which the Trust was established or the trust term was extended will be granted Delivery, etc. from the Trust regarding the Company shares whose number is according to the number of share granting points calculated in accordance with the calculation formula defined below.

(Share Granting Points)

Three-year cumulative points x performance-based coefficient (fractions after the decimal point to be rounded down)*

* The performance-based coefficient shall be determined within the range of 0% to 150% in accordance with achievement of consolidated net sales and consolidated operating incomes, etc. for the final fiscal year of the Medium-Term Management Plan to be resolved per each three fiscal years.

The total amount of the Company Shares, etc. to be delivered to the Directors, etc. under the Trust per the target period shall be up to 730 thousand shares. The maximum amount of the Company shares to be delivered has been determined based on the upper limit of trust money mentioned in (2) above and in reference to the stock price, etc. at the time of resolution of the introduction of the System, which was adopted at the Board of Directors’ meeting held in May 2015.

In the previous System, a Director, etc. who has become a non-eligible person because of his/her resignation, etc. during the period of the Medium Term Management Plan to be resolved per each three fiscal years can receive Delivery, etc. of Company Shares, etc. at the time of resignation, etc., irrespective of the degree of accomplishment of business performance. Now, the System has been revised so that such Director, etc. shall receive Delivery, etc. of Company Shares, etc., corresponding to the number of points according to his/her time in office multiplied by the above-mentioned performance-based coefficient, after the end of the target Medium Term Management Plan period.

(4) Timing of the Delivery, etc. of Shares to the Directors, etc.

Eligible Directors, etc., who satisfy the beneficiary requirements shall be granted the Delivery, etc. of Company Shares, etc., of the number that is calculated based on the above (3), in the first coming June every three fiscal year-end counting from the fiscal year established the Trust.

In this case, Directors, etc. shall receive 50% of the Company shares corresponding to such share granting points (shares less than one unit to be rounded down), and the remaining will be converted within the Trust and the cash equivalent of the conversion value shall be paid.

It should be noted that if a person who was not an eligible Director, etc. at the time of conclusion of a meeting of the Board of Directors following the General Shareholders' Meeting in the fiscal year in which the Trust was established or the trust term was extended, newly took office as an eligible Director, etc. during the target period of the incentive plan based on the System, such person shall not be eligible for the System for the relevant target period. However, such person may be granted share granting points according to his/her service period in the same manner as an eligible Director, etc. If the Trust is extended, such person may receive the Delivery, etc., of the Company Shares, etc., corresponding to the share granting points granted during the target period in addition to the Delivery, etc. of the Company Shares, etc., corresponding to the share granting points granted from the System after the extension.

(5) The voting rights of Company shares in the Trust

The voting rights of Company shares in the Trust will not be exercised during the trust term, to ensure the neutrality of the Company management.

(6) Other contents of the System

Other contents regarding the System will be determined by the Board of Directors on each occasion such as resolving of the Trust, changing the trust agreement and entrusting additional money to the Trust.

Item 8: Payment of Bonuses to Directors

In view of the business results for the fiscal year under review and various other factors, it is proposed that 65,060 thousand yen in total be paid to seven Directors (excluding one non-full-time Director and two External Directors) as of the end of the fiscal year (the 152nd term), with the amount for each, time, method, etc. left to the discretion of the Board of Directors.

(Attached documents)

Business Report

(From April 1, 2015 to March 31, 2016)

1. Matters relating to the current state of the Group

(1) Results of operations

(i) Review of operations

The economic state of affairs in the fiscal year ended March 31, 2016 showed a tendency toward a recovery, supported by personal consumption both in the US and Europe. In addition, the domestic economy showed a gradual recovery trend as well mainly in capital investment, while personal consumption was weak. However, the growth of the overall world economy decelerated, strongly impacted by slowdown in China and emerging economies.

Under these circumstances, the Group has set a new goal to reform into a business structure that grows with the six business portfolio of Semiconductor Lithography, FPD Lithography System, Imaging Products, Microscope Solutions, Industrial Metrology, and Medical Businesses under the Medium-Term Management Plan announced last May to achieve sustainable medium- to long-term growth.

In the Instruments Business, which is positioned as a growth business, although the overall market in the microscope-related field was weak, the Group's business expanded its market share and trended firmly. Moreover, to enter contract manufacturing business such as cells for regenerative medicine therapeutics, the Group established Nikon CeLL innovation Co., Ltd., wholly-owned by the Group, affiliating with one of the industry's largest companies, Lonza. In the industrial metrology-related field, capital investments in semiconductors and electronic components, and automobile-related field were firm and the Group's business was strong as well. The Group also invested in American venture company in order to strengthen its product competitiveness in non-destructive testing equipment business, where the future growth is expected. In addition, in the Medical Business, the Group acquired Optos Plc, a leading company in retinal diagnostic imaging equipment market, as a wholly owned subsidiary, marking its full-scale entry into the business field.

In the existing Precision Equipment Business, in the semiconductor-related field, capital investments of the overall market were steady, yet the business environment surrounding the Group was continuously severe. On the other hand, in the FPD-related field, the entire market was strong, as capital investment for mid-to-small size displays quickly recovered, boosting the Group's business. However, in the Imaging Products Business, the Group's business struggled due to the shrinking market. Under these circumstances, the Group undertook restructuring of sales sites to optimize its business operations, striving to improve efficiency further through cost reduction.

As a result of the foregoing, net sales of the Group for the fiscal year ended March 31, 2016 decreased by 34,866 million yen (4.1%) year on year to 822,915 million yen, operating income decreased by 6,711 million yen (15.5%) year on year to 36,701 million yen, and ordinary income decreased by 3,498 million yen (7.5%) year on year to 42,870 million yen.

In addition, although impairment loss was recorded in the Semiconductor Lithography Business, net income attributable to owners of parent increased by 3,827 million yen (20.8%) to 22,192 million yen.

Performance by business segment is as follows.

a. Precision Equipment Business

In the Semiconductor Lithography System field, the Group worked to improve profit structure by continuously striving to enhance the performance and extend sales of its advanced equipment, primarily ArF immersion scanners, and concentrating on strengthening sales of used equipment and service sales. However, sales in the Semiconductor Lithography Business decreased compared to the previous fiscal year and recorded deficits, as the Group could not secure new customers for its advanced equipment, and was also impacted by changes in capital investment plan of customers.

In the FPD Lithography System field, benefited from the drastic recovery in capital investments for mid-to-small sized panels, sales grew significantly for the FX-66S and FX-67S, which are ideal for the production of mid-to-small size high definition displays for smart-phone/tablet computers, etc. Moreover, in March 2016, the Group launched the latest system, FX-68S, which realizes productivity improvement as well as high resolution and high accuracy alignment.

As a result of the foregoing, net sales rose by 6.8% from the previous fiscal year to 182,416 million yen, and operating income increased by 74.8% from the previous fiscal year to 14,607 million yen.

As the profitability is expected to fall in the Semiconductor Lithography Business, impairment loss of 7,047 million yen was posted as extraordinary loss for the non-current assets held by the business segment.

b. Imaging Products Business

For the Digital camera—Interchangeable Lens Type, while sales of entry models such as the D5500 were strong in Japan, in China and Europe, sales grew in mid- to high-class cameras with specifications comparable to those of professional models such as D750. The next-generation flagship model, D5, with much improved performance was launched in March 2016 and received high reviews. However, the Digital camera—Interchangeable Lens Type saw a decrease in the number of units sold, affected by the shrinking market.

For compact digital cameras, high value-added products such as the multi-function model COOLPIX P900 with ultra high-power zoom capability for excellent image quality were strong, whereas overall sales of compact digital cameras dropped sharply along with the drastic shrinkage of the market.

As a result of the foregoing, net sales decreased by 11.2% from the previous fiscal year to 520,484 million yen, and operating income decreased by 19.3% to 45,751 million yen.

c. Instruments Business

In the Microscope field, although the Group was influenced by the reduction in the public budget of Japan, sales and profits grew mainly in biological microscopes, driven by the increase in the market shares primarily in the US and China. Moreover, looking ahead to future business expansion, the Group continued its investment in new business focusing on stem cell business.

In the Industrial Metrology field, sales and profits boosted due to the increase in capital investments in semiconductors, electronic components and automobile-related field, and increases in sales of products such as the CNC Video Measuring System -NEXIV series- and X-ray inspection systems.

As a result of the foregoing, net sales increased by 6.7% from the previous fiscal year to 77,242 million yen, and operating income increased by 135.0% from the previous fiscal year to 2,819 million yen.

d. Medical Business

In the Medical Business, although Optos Plc's retinal diagnostic imaging equipment was sluggish in Europe, sales increased due to the expansion of the market share in the US and strong performance in Asia and Oceania.

As a result of the foregoing, net sales were 18,311 million yen, while operating loss of 4,675 million yen was posted due to the anticipatory investment in medical related new business fields.

e. Other Businesses

In the Glass Business, profits improved, as photomask substrates for FPD and optical components were strong.

In the Customized Products Business, sales extended significantly for solid state lasers, while profits dropped for space-related products.

As a result of the foregoing, net sales including these businesses decreased by 14.5% from the previous fiscal year to 24,461 million yen, and operating profits decreased by 32.3% from the previous fiscal year to 4,598 million yen.

Note: Business segment operating income or loss includes earnings or losses from transactions within the Group.

Business Segment Sales for 152nd term (Year Ended March 31, 2016)

Business segment	Net sales (million yen)	Percentage of total sales (%)	Change from previous year (%)
Precision Equipment Business	182,416	22.2	6.8
Imaging Products Business	520,484	63.2	(11.2)
Instruments Business	77,242	9.4	6.7
Medical Business	18,311	2.2	-
Other Businesses	24,461	3.0	(14.5)

(ii) Capital investments

Fiscal year capital investments totaled 34,497 million yen. The amounts of investment by business were 9,739 million yen in the Precision Equipment Business, 10,573 million yen in the Imaging Products Business, 1,596 million yen in the Instruments Business, 575 million yen in the Medical Business and 6,877 million yen for Other Businesses. Major capital investments in the fiscal year included additional equipment for the development and manufacturing of lithography systems in the Precision Equipment Business and manufacturing equipment upgrade in the Imaging Products Business.

(iii) Fund procurement

The balance of long-term loans payable (including current portion) at the end of the fiscal year is 47,100 million yen, a decrease of 2,500 million yen from the end of the previous fiscal year.

The Company did not procure funds through issuance of new shares or bonds during the fiscal year.

(iv) Business transfers and absorption-type and incorporation-type demerger

None

(v) Businesses acquired from other companies

None

(vi) Receipt of rights and obligations associated with operations of other company, etc. due to absorption and merger or to absorption and demerger

None

(vii) Acquisition or disposal of stock or other ownership or subscription rights to shares, etc. of other company

The Company acquired common stock of Optos Plc, an English retinal diagnostic imaging equipment company, which is issued or scheduled to be issued, with 48,128 million yen in cash, to make the company a wholly owned subsidiary in May 2015.

(2) Financial highlights for three previous fiscal years

Financial highlights related to the Group are as follows.

Item	149th term (Year ended March 31, 2013)	150th term (Year ended March 31, 2014)	151st term (Year ended March 31, 2015)	152nd term (Year ended March 31, 2016)
Net sales (million yen)	1,010,493	980,556	857,782	822,915
Operating income (million yen)	51,001	62,941	43,412	36,701
Ordinary income (million yen)	48,344	61,725	46,368	42,870
Profit attributable to owners of parent (million yen)	42,459	46,824	18,364	22,192
Profit per share (yen)	107.07	118.06	46.29	55.98
Total assets (million yen)	864,667	949,515	972,945	945,827
Net assets (million yen)	490,217	546,813	572,200	541,007

Notes:

1. Beginning from the 150th term, IAS No. 19 “Employee Benefits” (revised on June 16, 2011) has been applied to certain overseas subsidiaries. As this change in accounting policies is applied retrospectively, the amounts for total assets and net assets for the 149th term are presented after retrospective application.
2. Beginning from the 152nd term, with the application of the provisions stated in Clause 39 of the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the presentation of profit has been changed to profit attributable to owners of parent.
3. Beginning from the 152nd term, the Group introduced Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares held by the Trust were recorded as treasury share in the consolidated financial statement. Associated with this, in calculating profit per share, the number of such shares is included in treasury share and recorded as “average number of common stock issued.”

(3) Major parent company and subsidiaries

(i) Relationship with parent company

None

(ii) Major subsidiaries

Company name	Location	Capital stock	Percentage of equity participation (%)	Main business
Precision Equipment Business				
TOCHIGI NIKON PRECISION CO., LTD.	Tochigi, Japan	425 million yen	100.0	Manufacture of Precision Equipment Business products and parts
Nikon Precision Inc.	US	1 thousand US dollars	*100.0	Sales in the US and Europe of Precision Equipment Business products
Imaging Products Business				
TOCHIGI NIKON CORPORATION	Tochigi, Japan	363 million yen	100.0	Manufacture of Imaging Products Business products
SENDAI NIKON CORPORATION	Miyagi, Japan	480 million yen	100.0	Manufacture of Imaging Products Business products
NIKON IMAGING JAPAN INC.	Tokyo, Japan	400 million yen	100.0	Sales in Japan of Imaging Products Business products
Nikon (Thailand) Co., Ltd.	Thailand	1.2 billion bahts	100.0	Manufacture of Imaging Products Business products
Nikon Imaging (China) Co., Ltd.	China	32 million US dollars	*100.0	Manufacture of Imaging Products Business products
Nikon Inc.	US	1 thousand US dollars	*100.0	Sales in the Americas of Imaging Products Business products
Nikon Europe B.V.	Netherlands	1 million euro	*100.0	Sales in Europe of Imaging Products Business products
Nikon Hong Kong Ltd.	China	5 million HK dollars	*100.0	Sales in Asia of Imaging Products Business products
Nikon Singapore Pte. Ltd.	Singapore	32 million SG dollars	*100.0	Sales in Asia/Oceania of Imaging Products Business products
Nikon Imaging (China) Sales Co., Ltd.	China	10 million US dollars	*100.0	Sales in China of Imaging Products Business products
Instruments Business				
NIKON INSTECH CO., LTD.	Tokyo, Japan	417 million yen	100.0	Sales in Japan of Instruments Business products
Nikon Metrology NV	Belgium	97 million euro	*100.0	Manufacture and sales in Europe and the US of Instruments Business products
Medical Business				
Optos Plc	UK	1.5 million UK pounds	100.0	Manufacture and sales of Medical Business products

Notes:

- * shows ownership ratios including indirect ownership.
- The Group includes Optos Plc as a major subsidiary from the fiscal year ended March 31, 2016

(4) Issues to be addressed

The top priority of the Group is to continue to restructure its business portfolio. While strengthening its competitiveness in the existing businesses and engaging in a structural reform, the Group will foster the Medical Business, expand the Microscope Solutions Business and Industrial Metrology Business, and reform into an enterprise, which grows with the portfolio of six businesses. Through these efforts, the Group will challenge to create new values and get back on the growth track.

Due to 2016 Kumamoto earthquakes that occurred in April, the suppliers of parts for Nikon, mainly in imaging products, were affected, and an influence on production and sales in the first half of the fiscal year is expected. The Group is working towards early recovery of the supply chain to minimize the impact on the Group's operations.

(5) Main business (as of March 31, 2016)

The main businesses of the Group are the manufacture and sale of the following products.

Business segment	Main products
Precision Equipment Business	Semiconductor Lithography Systems, FPD Lithography Systems
Imaging Products Business	Digital camera—Interchangeable Lens Type, compact digital cameras, interchangeable lenses, film cameras, sport optics
Instruments Business	Biological microscopes, industrial microscopes, measuring instruments, X ray/CT inspection systems
Medical Business	Retinal diagnostic imaging equipment
Other Businesses	Customized products, photomask substrates for FPD

(6) Major offices and plants (as of March 31, 2016)

The major offices and plants of the Company are as follows.

Those of subsidiaries of the Company are shown in “(3) (ii) Major subsidiaries” on page 35.

Name of offices and plants	Location
Head office	Tokyo, Japan
Oi Plant	Tokyo, Japan
Yokohama Plant	Kanagawa, Japan
Sagamihara Plant	Kanagawa, Japan
Kumagaya Plant	Saitama, Japan
Mito Plant	Ibaraki, Japan
Yokosuka Plant	Kanagawa, Japan

(7) Employees (as of March 31, 2016)

(i) Employees of the Group

Number of employees	Change from the end of the previous consolidated fiscal year
25,729	up 314

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
6,587	down 144	44.9	19.9

Note: Average age and average service years are rounded off to the nearest tenths.

(8) Major lenders (as of March 31, 2016)

Lender	Amount borrowed (million yen)
Meiji Yasuda Life Insurance Company	13,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,150

(9) Other items concerning the status of the Group

None

2. Current state of the Company

(1) Matters relating to shares of the Company (as of March 31, 2016)

- (i) Total number of shares authorized to be issued: 1,000,000,000 shares
- (ii) Total number of shares issued: 400,878,921 shares
- (iii) Shares per unit: 100 shares
- (iv) Total number of shareholders: 35,755
- (v) Major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,819	7.5
Japan Trustee Services Bank, Ltd. (Trust Account)	29,518	7.4
Meiji Yasuda Life Insurance Company	19,537	4.9
Japan Trustee Services Bank, Ltd. (Trust Account 9)	10,308	2.6
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,378	1.9
The Joyo Bank, Ltd.	6,801	1.7
NIPPON LIFE INSURANCE COMPANY	6,709	1.7
BNYML - NON TREATY ACCOUNT	6,661	1.7
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,041	1.5
Mitsubishi UFJ Trust and Banking Corporation	5,481	1.4

Note: The percentage of total shares issued is calculated after deducting treasury share of 4,110,867 shares.

(2) Subscription rights to shares

(i) Subscription rights to shares held by the Company's Directors and Corporate Auditors that were granted as remuneration for duties performed (as of March 31, 2016)

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Status of holding (number of subscription rights to shares (number of holders))	
						Directors	Corporate Auditors
4th issue (March 14, 2007)	20	20,000 shares of the Company's common stock	840,000	2,902,000	From February 28, 2009 to February 27, 2017	17 (4)	3 (1)
5th issue (August 27, 2007)	49	4,900 shares of the Company's common stock	325,900	100	From August 28, 2007 to August 27, 2037	42 (4)	7 (1)
6th issue (November 25, 2008)	295	29,500 shares of the Company's common stock	73,400	100	From November 26, 2008 to November 25, 2038	264 (6)	31 (1)
7th issue (August 10, 2009)	231	23,100 shares of the Company's common stock	140,800	100	From August 11, 2009 to August 10, 2039	209 (7)	22 (1)
8th issue (July 14, 2010)	263	26,300 shares of the Company's common stock	152,700	100	From July 15, 2010 to July 14, 2040	235 (7)	28 (1)
9th issue (March 19, 2012)	490	49,000 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	450 (8)	40 (1)
10th issue (August 23, 2012)	597	59,700 shares of the Company's common stock	172,600	100	From August 24, 2012 to August 23, 2042	547 (8)	50 (1)
11th issue (August 1, 2013)	704	70,400 shares of the Company's common stock	163,200	100	From August 2, 2013 to August 1, 2043	651 (8)	53 (1)
12th issue (August 1, 2014)	985	98,500 shares of the Company's common stock	118,300	100	From August 2, 2014 to August 1, 2044	912 (7)	73 (1)
13th issue (July 28, 2015)	1,020	102,000 shares of the Company's common stock	104,000	100	From July 29, 2015 to July 28, 2045	1,020 (7)	-

Notes:

- No subscription rights to shares have been granted to External Directors or External Corporate Auditors.
 - Subscription rights to shares held by Corporate Auditors were granted when these individuals were Directors or Officers.
- (ii) Subscription rights to shares granted to employees, etc. as remuneration for duties performed during the fiscal year

The following subscription rights to shares were granted to Officers who do not concurrently serve as Directors.

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Number of persons granted
13th issue (July 28, 2015)	1,050	105,000 shares of the Company's common stock	104,000	100	From July 29, 2015 to July 28, 2045	18

- (iii) Other subscription rights to shares actually issued
None

(3) Matters relating to Directors and Corporate Auditors

(i) Directors and Corporate Auditors (as of March 31, 2016)

Position	Name	Business in charge and important concurrent positions outside the Company
* Chairman of the Board Director	Makoto Kimura	Matters related to the Group's important management policies
* President Director	Kazuo Ushida	Overseeing Corporate Strategy Division, Medical Business Development Division and Business Development Division
* Director (Senior Executive Vice President, CFO)	Junichi Itoh	Overseeing Internal Audit Department and Finance & Accounting Division Chairman of Nikon Americas Inc. Chairman of Nikon Holdings Europe B.V. Chairman of Nikon Holdings Hong Kong Limited
Director (Senior Vice President)	Yasuyuki Okamoto	Overseeing Business Support Division, Imaging Business Unit, Microscope Solutions Business Unit and Industrial Metrology Business Unit
Director (Senior Vice President)	Hiroshi Ohki	General Manager of Core Technology Division, Overseeing Intellectual Property Division, Semiconductor Lithography Business Unit, FPD Lithography Business Unit, Customized Products Business Unit, Glass Business Unit and Encoder Business Unit
Director (Senior Vice President)	Takaharu Honda	General Manager of Human Resources & Administration Division, Overseeing Information Security Division and Information System Division
Director (Senior Vice President)	Tomohide Hamada	General Manager of Corporate Strategy Division
Director	Toshiyuki Masai	Director & Executive Vice President of JEOL Ltd.
Director	Kenji Matsuo	Senior Advisor of Meiji Yasuda Life Insurance Company External Corporate Auditor of The Bank of Tokyo-Mitsubishi UFJ, Ltd. External Corporate Auditor of Mitsubishi Estate Company, Limited External Corporate Auditor of Mitsubishi Research Institute, Inc.
Director	Koukei Higuchi	Honorary Adviser of Tokio Marine & Nichido Fire Insurance Co., Ltd. External Director of NOHMI BOSAI LTD. External Corporate Auditor of Japan Airport Terminal Co., Ltd.
Standing Corporate Auditor	Norio Hashizume	-
Standing Corporate Auditor	Koichi Fujii	-
Corporate Auditor	Haruya Uehara	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation External Director of KOITO MANUFACTURING CO., LTD. External Corporate Auditor of Mitsubishi Research Institute, Inc.
Corporate Auditor	Hiroshi Hataguchi	Attorney at law External Corporate Auditor of SOSHIN ELECTRIC CO., LTD. External Corporate Auditor of TOKYO ENERGY & SYSTEMS INC.

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Notes:

- * indicates Representative Directors.
- ** indicates a Corporate Auditor who was newly elected at the 151st Annual General Shareholders' Meeting held on June 26, 2015.
- Director Norio Hashizume retired at the conclusion of the 151st Annual General Shareholders' Meeting held on June 26, 2015, as his term expired.
- Corporate Auditor Yoshimichi Kawai retired at the conclusion of the 151st Annual General Shareholders' Meeting held on June 26, 2015, as his term expired.
- Kenji Matsuo and Koukei Higuchi are External Directors. The Company has submitted Independent Directors/Auditors Notifications to the Tokyo Stock Exchange, Inc. designating these two individuals as independent directors as stipulated in the Tokyo Stock Exchange, Inc. Securities Listing Regulations.
- Haruya Uehara and Hiroshi Hataguchi are External Corporate Auditors. The Company has submitted Independent Directors/Auditors Notifications to the Tokyo Stock Exchange, Inc.

designating these two individuals as independent corporate auditors as stipulated in the Tokyo Stock Exchange, Inc. Securities Listing Regulations.

7. Standing Corporate Auditor Norio Hashizume has served as an Officer in charge of accounting at the Company, and Standing Corporate Auditor Koichi Fujiu has a long-term experience in the accounting division at the Company. Accordingly, both of them have considerable knowledge involving finance and accounting.
8. The Company has loans from Meiji Yasuda Life Insurance Company, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Trust and Banking Corporation. In addition, the Company has an insurance transaction relationship with Meiji Yasuda Life Insurance Company and The Tokio Marine & Nichido Fire Insurance Co., Ltd. respectively. Additionally, the amount of payment to each of the aforementioned companies accounts for less than 2% of consolidated net sales of the Company.

(Reference)

The Company uses the Executive Officer System. The table on the previous page shows Directors who also serve as Officers. Officers who are not Directors were as follows as of March 31, 2016.

Position	Name	Duties
Senior Vice President	Toshikazu Umata	General Manager of Semiconductor Lithography Business Unit
Senior Vice President	Nobuyoshi Gokyu	General Manager of Imaging Business Unit
Senior Vice President	Masao Nakajima	General Manager of Industrial Metrology Business Unit
Corporate Vice President	Kazuyuki Kazami	General Manager of Business Development Division
Corporate Vice President	Tsuneyoshi Kon	General Manager of Business Support Division
Corporate Vice President	Toru Iwaoka	President & CEO of Nikon Inc.
Corporate Vice President	Kenji Yoshikawa	Corporate Strategy Division
Corporate Vice President	Atsumi Nakamura	General Manager of Microscope Solutions Business Unit
Corporate Vice President	Takumi Odajima	Corporate Strategy Division
Corporate Vice President	Jun Nagatsuka	Deputy General Manager of Medical Business Development Division
Corporate Vice President	Yojiro Tanii	General Manager of Customized Products Business Unit
Corporate Vice President	Kiyoyuki Muramatsu	General Manager of FPD Lithography Business Unit
Corporate Vice President	Hiroyuki Hiraiwa	General Manager of Glass Business Unit
Corporate Vice President	Tetsuya Yamamoto	Sector Manager of Development Sector, Imaging Business Unit
Corporate Vice President	Naoya Sugimoto	Corporate Strategy Division & Department Manager of Production Strategy Department
Corporate Vice President	Tadashi Nakayama	Sector Manager of Marketing Sector, Imaging Business Unit
Corporate Vice President	Makoto Shintani	Department Manager of Alliance Development Department, Corporate Strategy Division
Corporate Vice President	Masato Hamatani	General Manager of Medical Business Development Division
Corporate Vice President	Satoshi Hagiwara	General Manager of Finance & Accounting Division

(ii) Outline of contents of liability limitation agreement

The Company has signed agreements with all External Directors and External Corporate Auditors that limit their liability for losses under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act.

The limit on the liability for losses in these agreements is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.

(iii) Compensation for Directors and Corporate Auditors

Category	Monthly compensation		Subscription rights to shares granted as stock-related compensation		Bonuses		Total	
	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)	Number of persons	Amount of compensation (million yen)
Directors (External Directors out of all Directors)	11 (2)	319 (20)	8 (-)	108 (-)	7 (-)	65 (-)	11 (2)	493 (20)
Corporate Auditors (External Corporate Auditors out of all Corporate Auditors)	5 (2)	71 (20)	-	-	-	-	5 (2)	71 (20)
Total	16	390	8	108	7	65	16	564

Notes:

1. The number of persons shown above includes one Director (excluding External Directors) and one Corporate Auditor (excluding External Corporate Auditors) who retired at the conclusion of the 151st Annual General Shareholders' Meeting held on June 26, 2015.
2. The amount of subscription rights to shares granted as stock-related compensation in the above table indicates the amount of compensation, etc. concerning subscription rights to shares granted to Directors (excluding non-full-time and External Directors) recorded as expenses during the fiscal year.
3. The amount of bonuses shown above represents the amount of compensation, etc. planned to be paid subject to approval and resolution of the Item 8, "Payment of Bonuses to Directors" of this Annual General Shareholders' Meeting as originally proposed.
4. Other than the above-mentioned, concerning the performance-based stock remuneration system approved at the 151st Annual General Shareholders' Meeting held on June 26, 2015, the amount of 108 million yen was posted for the provision of reserve for the fiscal year for the seven Directors (excluding non-full-time and External Directors). However, the number of shares issued as such compensation is calculated by multiplying the coefficient based on the degree of accomplishment of the Medium-term Management Plan ending March 31, 2018, thus stocks will not be provided during the fiscal year.

(iv) Basic policies and procedures for compensation of Directors and Corporate Auditors

The compensation system is based on the following policies and procedures.

a. Basic policies

Executive compensation will be determined to satisfy the following basic matters.

- Executive compensation should motivate executives to sustainably improve values of companies and shareholders, as well as enhance willingness and morale
- Executive compensation should keep, cultivate and reward excellent personnel
- The decision process for the compensation system should be objective and transparent

- b. Compensation system and performance-based structure
- A) The compensation system for full-time Directors and Officers is comprised of the following items. The distribution ratio for compensation is determined by changing the percentages of fixed monthly compensation and performance-based compensation according to positions and duties.
- “Fixed monthly compensation”
A fixed monetary compensation not based on performance.
 - “Bonuses”
This monetary compensation is based on the degree of accomplishment and qualitative assessment of the consolidated net sales and consolidated operating income of the Group as a whole and departments in charge on a single-year basis, and is determined within the range of 0 to 200% of the standard payment. Furthermore, if the target value of the consolidated operating income is below a certain level, the amount of the standard payment is adjusted downward.
 - “Performance-based stock compensation”
Stock compensation is determined within the range of 0% to 150% in accordance with achievement of consolidated net sales and consolidated operating incomes, etc. for the final fiscal year of the Medium-Term Management Plan to be resolved per each three fiscal years with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of medium- and long-term performance.
 - “Subscription rights to shares granted as stock-related compensation”
Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of long-term performance, within the range not exceeding 5% of the share dilution ratio.
- B) The compensation system for non-full-time Directors, external Directors, and Corporate Auditors consists only of “fixed monthly compensation.”
- c. Method for determining compensation level and amount
The Compensation Committee discusses and advises on related systems in order to determine the level and system appropriate to the duties on account of compensation levels of major Japanese companies that globally develop their businesses so as to determine the compensation amount consistent with the performance of the Group and its business scale.
The Compensation Committee consists of the Representative Directors, External Directors and external experts, and discusses on establishment of executive compensation policies, consideration of the compensation system and specific calculation method. Based on the results of the discussions, compensation of Directors is determined by a resolution of the Board of Directors, and compensation of Corporate Auditors is determined by their consultations.
- (v) Matters relating to External Directors and Corporate Auditors
- a. Relationships between organizations where important concurrent positions are held and the Company Information is shown in “(i) Directors and Corporate Auditors” on page 40.
- b. Major activities during the fiscal year
- Attendance at meetings of the Board of Directors and the Board of Corporate Auditors

Category	Name	Attendance at meetings of the Board of Directors	Attendance at meetings of the Board of Corporate Auditors
Director	Kenji Matsuo	12 of 13	-
	Koukei Higuchi	9 of 13	-
Corporate Auditor	Haruya Uehara	13 of 13	11 of 11
	Hiroshi Hataguchi	13 of 13	11 of 11

- Participation in meetings of the Board of Directors and the Board of Corporate Auditors
 Each of the External Directors used their extensive knowledge of management to provide advice and ask questions proactively from a perspective independent of the business execution concerning matters under consideration by the Board of Directors and the contents of reports.
 Each of the External Corporate Auditors used their extensive knowledge of management and neutral perspective based on their independence to ask appropriate questions for performing the management oversight function regarding matters under consideration by the Board of Directors and the contents of reports. In addition, for matters under consideration by the Board of Corporate Auditors and the contents of reports, each of the External Corporate Auditors asked questions proactively and stated their opinions in order to achieve highly effective audits.

(4) Matters relating to Independent Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount
Total amount of remuneration, etc. of Independent Auditor during the fiscal year under review	93 million yen
Total amount of money and other properties which the Company and its subsidiaries should pay in remuneration of Independent Auditor for their services to the Company and its subsidiaries during the fiscal year under review	282 million yen

Notes:

- The Board of Corporate Auditors determined, after carrying out necessary verifications of whether the content of the Corporate Auditors' audit plans, execution of duties of audits up until the previous fiscal year, and the calculation basis for the remuneration estimate for the fiscal year are appropriate, that the remuneration for Independent Auditors is reasonable, and has given its consent pursuant to Article 399, Paragraph 1 of the Companies Act.
- Aside from the amount in the upper line of the above table, the Company pays an additional 142 million yen for remuneration of audits associated with voluntary application of International Financial Reporting Standards (IFRS). The amount stated in the lower line of the above table includes the amount of such consideration.
- Major overseas subsidiaries of the Company are audited (only auditing subject to the provisions of overseas laws and regulations similar to Japan's Companies Act or Japan's Financial Instruments and Exchange Act) by parties other than Deloitte Touche Tohmatsu LLC (overseas certified public accountants or individuals with qualifications equivalent to those of an auditing company).
- In the audit contract with the auditor, auditing compensation amounts for auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act are not separated. Because they essentially cannot be separated, the amount stated in the upper line of the above table is found from adding them together.

5. The Company has asked Deloitte Touche Tohmatsu LLC to provide a consulting service for expansion of overseas businesses as part of services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) and has paid consideration for such service to the Independent Auditor. The amount stated in the lower line of the above table includes the amount of such consideration.

(iii) Policy for decisions to terminate or not extend contracts with an Independent Auditor

The Independent Auditor can be terminated with the unanimous consent of the Board of Corporate Auditors in cases where it has been determined that actions by the Independent Auditor apply to any item of Article 340, Paragraph 1 of the Companies Act.

In addition, even if the actions of the Independent Auditor do not apply to any item of Article 340, Paragraph 1 of the Companies Act, in the event that it has been determined that the Independent Auditor is unable to perform proper audits due to a lack of accuracy and independence, the Board of Directors can submit a proposal to terminate the Independent Auditor or not renew the contract at the General Shareholders' Meeting, in accordance with the decision of the Board of Corporate Auditors.

(5) A framework regarding the “Basic Policy on Internal Control System” based on Japanese Companies Act

[Details of the Resolution]

We believe that the reinforcement of our company’s corporate governance plays a pivotal role in achieving “a fair and transparent management deserving of stakeholders’ confidence”, and we intend to increase its effectiveness by improving the quality of our internal controls. We acknowledge that the achievement of effective and efficient business processes, the accuracy of financial reports, the compliance with relevant laws and regulations, and the preservation of assets for the Company and its subsidiaries (“the Group”) are the management’s responsibility. Accordingly, we will prepare and refine a framework, including our internal regulations as well as our organization, to ensure fair business activity in compliance with the Japanese Companies Act and relevant regulations.

- (i) A framework to ensure that performance of the Group’s Director’s or an employee’s duty is in compliance with relevant laws and the articles of incorporation
 - a. We have established the “Nikon CSR Charter”, which shows the Group’s basic stance on corporate social responsibility. Additionally, the “Nikon Code of Conduct” defines the standards of behavior to ensure sensible conduct by the Group’s Directors and employees, based on a high level of morality, pursuant to relevant laws and internal regulations. We aim at promoting and establishing awareness of corporate ethics among the Group’s Directors and employees through these measures.
 - b. Putting special emphasis on a social responsibility-oriented management, we established the “CSR Committee”, which aims at fostering, educating as well as disseminating CSR awareness. Established as its sub-committee, the “Business Conduct Committee” regularly performs its function to ensure legitimate, fair, and sound corporate behavior. Finally, established as its dedicated department, CSR Department integrates and promotes the Group’s activities pertaining to CSR and corporate compliance.
 - c. Regarding elimination of anti-social forces and groups, we have defined our basic policy and standards in the “Nikon CSR Charter” and the “Nikon Code of Conduct”. Additionally, we have established a system to liaison with attorneys and police forces, to take steadfast action as an organization.
 - d. The “Basic Policy on internal control over financial reporting” has been established to ensure credibility of financial reporting by the Group. Systems to enable the foregoing are being developed and improved.
 - e. Internal Audit Department has been established as an independent organization reporting directly to the President. This Department examines whether operations within the Group are conducted in compliance with relevant laws and internal rules, and when necessary, makes recommendations as to how such operations can be improved.
 - f. Report/consultation systems such as the “Code of Conduct Hotline” has been created and in operation at each of the Group companies in order to prevent or correct behaviors that violate social rules or corporate ethics, and to reinforce compliance within the Group.
- (ii) A framework to ensure an efficient performance of the Group’s Directors’ duties
 - a. At the Company and its domestic subsidiaries, the Executive Officers System provides a clear definition of the authority and responsibility in performance of a Vice President’s duty, resulting in quick decision-making as well as an efficient performance of the Vice President’s duty.
 - b. The rules of authority clearly define the scope of authority and responsibility for each post as

well as each organization within the Group, to ensure organized and efficient performance of duties.

- c. The “Executive Committee”, the “Executive Meeting” and other meeting bodies such as various committees have been established to enable Directors of the Company to make decisions and perform duties for the Group efficiently. Of those, “Executive Committee”, which primarily consists of full-time Directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company’s business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.
 - d. In accordance with our corporate philosophy of “Trustworthiness & Creativity”, the Group’s management targets are defined within annual plans as well as within the Medium-Term Management Plans, and implemented as specific measures. In order to achieve annual targets, management of operations is carried out through the divisional system. The regularly held “Business Activity Review Meeting” evaluates the achievement’s progress level, identifies issues, if any, and results are evaluated and validated based on the “Achievement Evaluation System”.
- (iii) A framework aimed at preservation and control of information relating to the Company’s Directors’ performance of their duties
- a. Information regarding resolutions, approvals, and reports pertaining to the Company’s Directors’ performance of their duties are preserved in documentary format and until such time as provided in the “Rules of the Board of Directors”, the “Rules of the Executive Committee”, and the “Nikon Group Information Management Rules”. The information control system is designed to allow access, when needed, from Directors, Corporate Auditors, as well as Independent Auditors.
 - b. As for security of information, Information Security Headquarters have been established as an independent organization reporting directly to the President. The Headquarters have controlled centralized management for security of information within the Group and managed to coordinate and reinforce an information management framework within the Group. Further, the “Nikon Group Information Management Rules” have been established and the Rules intend to make definitions of the access level per category and relevance, password control, measures for preventing leaks, manipulations and destructions of proprietary information and other matters generally and thoroughly known by employees and Directors within the Group.
- (iv) A framework including rules concerning the Group’s risk of loss management
- a. In accordance with our recognition of identification, assessment, and control of risk factors potentially affecting operations and business continuity as critical issues, we have established the “Risk Management Committee” and identified critical risks and prepared specific countermeasures against risks and are developing a framework to appropriately control risks surrounding the Group.
 - b. We have prepared and implemented manuals and rules pertaining to fields such as corporate ethics, protection of personal information, environmental control, quality control, export control, insider trading prevention, and disaster prevention, which reinforce the management framework concerning prevention of loss within the Group.
 - c. A framework is in place whereby Internal Audit Department audits the Group’s risk management and evaluates its effectiveness, and reports to the Board of Directors through the Representative Directors when necessary, so that corrective measures can be implemented.

- (v) A framework for reporting to the Company on matters concerning performance of duties by Directors, etc. of the subsidiaries

A framework is in place whereby subsidiaries report to the Company on significant matters which will be deliberated and approved by the Company, in accordance with the “Rules of the Executive Committee” and the “Authorization and Reporting Standards for Subsidiaries”, etc.

- (vi) Implementation of matters concerning employees assisting the Company’s Corporate Auditors based on such Corporate Auditor’s request, matters concerning such employees’ independence from other Officers, and matters concerning securing effectiveness of instructions provided to such employees by Corporate Auditors

- a. Several employees are appointed as dedicated assistants to Corporate Auditors of the Company who assist Corporate Auditors’ duties by following the instructions given by them, in order to ensure an efficient procedure of the meetings of the Board of Corporate Auditors as well as to ensure the increased effectiveness of the audit.
- b. Transfer of the assistants or evaluation of the assistants’ performance requires prior agreement by the Corporate Auditors, to ensure independence of such employees from other Officers.

- (vii) A reporting framework to the Company’s Corporate Auditors, including reporting by the Group’s Directors, etc., and a framework to ensure that reporters are not subject to any disadvantageous treatment on the ground of their reporting activities

- a. The Company’s Corporate Auditor has the authority to attend major meetings, such as the “Executive Committee”, “Executive Meeting” or the “Business Activity Review Meeting”. This ensures that the Corporate Auditors constantly understand and audit the status of operations and the decision-making process of the Group.
- b. A framework is developed to ensure appropriate and effective reporting regarding facts that can potentially cause damage to our company, information obtained through the reporting/consultation system concerning corporate compliance, or items to be reported at the meetings of the Board of Corporate Auditors as previously agreed with Directors.
- c. Internal Audit Department reports the status of internal audit as well as the results of the audit to the Company’s Corporate Auditors. The Company’s Corporate Auditors perform an effective audit in close cooperation with Internal Audit Department, by requesting, if necessary, further investigations by Internal Audit Department.
- d. We strive to develop a framework to ensure prevention of disadvantageous treatment on the ground of reporting to the Company’s Corporate Auditors through means such as placing provisions in the “Code of Conduct Hotline Operational Guideline”, which prohibit any retaliation against reporters to our report/consultation system “Code of Conduct Hotline”.

- (viii) Matters concerning the policy on the handling of expenses or liabilities incurred in the course of performance of duties by the Company’s Corporate Auditors

Auditing expenses required by the Company’s Corporate Auditors are budgeted annually to a certain extent. The Company provides any additional amount if expenses exceed the budgeted amount when deemed necessary for auditing, in accordance with relevant laws. In addition, expenses incurred to hire external expertise are also provided by the Company as needed.

(ix) A framework to ensure effective audit by the Company's Corporate Auditors

- a. While ensuring independence, this framework enables the Company's Corporate Auditor to hold regular meetings with the Representative Directors in order to exchange opinions regarding issues to be dealt with by the company, or important tasks pertaining to audits, and to make necessary requests, consequently deepening the mutual understanding between them.
- b. The Company's Corporate Auditors hold regular meetings with External Corporate Auditors, to actively exchange opinions and information.

[Outline of Operational Status]

(i) Status of compliance

- The Group has established the PDCA cycle by conducting a global awareness survey for all Group's Directors and employees, reporting the survey results at the Business Conduct Committee held in December 2015 as well as giving feedback on the survey results to each Group company.
- In an attempt to expand the report/consultation system overseas, the Group introduced an integrated contact service provided by outside experts in Europe during the fiscal year.
- The Group continued to provide education on preventing unfair competition both in Japan and overseas from the previous fiscal year.

(ii) Status of risk management

- The Risk Management Committee was held twice a year within the Group.
- The Group performs risk assessment, creates a "risk map" that displays the results with impact scale and event probability. For items assessed as high risk, the Group considers risk reduction measures, etc. The risk map is continuously updated, and changes over time are visualized.

(iii) Status of group management

- Regarding management of the Group as a whole, it has established a framework in which subsidiaries report significant matters to the Group, which will be authorized by the Group, in accordance with the "Rules of the Executive Committee" and the "Authorization and Reporting Standards for Subsidiaries," etc. The Group has been conducting operations along with the framework.
- Each Group company develops and operates with decision-making standards in accordance with "Authorization and Reporting Standards for Subsidiaries" and the laws and regulations of each country.
- Regarding preservation and control of information, the Group carries them out in accordance with regulations established in the "Nikon Group Information Management Rules" and other internal regulations, and performs audits on information management within the Group.

(iv) Corporate Auditor's execution of duties

- Corporate Auditors attend important meetings, share information, and check the development and operational status of the internal control system.

- Corporate Auditors audit each division, subsidiary, etc., exchange opinions with the Representative Directors about the findings, share auditing issues, and request corrections as needed.
- Corporate Auditors have the opportunity to exchange opinions with the Internal Audit Department in charge of internal audits and Independent Auditors, and strives to strengthen cooperation by holding meetings with them as needed.

Figures in this business report are presented as follows unless designated otherwise.

1. Monetary amounts and numbers of shares of less than the units shown are discarded.
2. Percentages are rounded off to the nearest tenths.

Consolidated Balance Sheet

(As of March 31, 2016)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	661,646	Current liabilities	294,424
Cash and deposits	256,595	Notes and accounts payable - trade	117,399
Notes and accounts receivable - trade	98,990	Short-term loans payable	16,500
Merchandise and finished goods	103,148	Current portion of bonds	10,000
Work in process	117,631	Lease obligations	771
Raw materials and supplies	26,667	Accrued expenses	53,615
Deferred tax assets	37,450	Income taxes payable	4,011
Other	23,595	Advances received	67,959
Allowance for doubtful accounts	(2,433)	Provision for product warranties	7,066
		Other	17,100
Non-current assets	284,180	Non-current liabilities	110,394
Property, plant and equipment	127,659	Bonds payable	40,000
Buildings and structures	48,010	Long-term loans payable	44,200
Machinery, equipment and vehicles	38,277	Lease obligations	1,300
Land	15,681	Deferred tax liabilities	8,951
Leased assets	1,778	Net defined benefit liability	8,902
Construction in progress	3,566	Asset retirement obligations	3,657
Other	20,345	Other	3,381
		Total liabilities	404,819
		(Net assets)	
Intangible assets	63,901	Shareholders' equity	521,575
Goodwill	20,766	Capital stock	65,475
Other	43,135	Capital surplus	80,624
		Retained earnings	388,730
Investments and other assets	92,618	Treasury shares	(13,255)
Investment securities	73,970	Accumulated other comprehensive income	17,563
Net defined benefit asset	1,699	Valuation difference on available-for-sale securities	11,735
Deferred tax assets	7,591	Deferred gains or losses on hedges	(35)
Other	9,401	Foreign currency translation adjustment	12,550
Allowance for doubtful accounts	(43)	Remeasurements of defined benefit plans	(6,687)
		Subscription rights to shares	1,339
		Non-controlling interests	530
		Total net assets	541,007
Total assets	945,827	Total liabilities and net assets	945,827

Consolidated Statement of Income
(From April 1, 2015 to March 31, 2016)

(Million yen)

Item	Amount	
Net sales		822,915
Cost of sales		505,297
Gross profit		317,618
Selling, general and administrative expenses		280,916
Operating income		36,701
Non-operating income		
Interest income	1,986	
Dividend income	1,258	
Share of profit of entities accounted for using equity method	1,449	
Customs refund	1,063	
Other	4,872	10,630
Non-operating expenses		
Interest expenses	1,384	
Foreign exchange losses	171	
Other	2,904	4,460
Ordinary income		42,870
Extraordinary income		
Gain on sales of non-current assets	3,172	
Gain on sales of investment securities	572	3,745
Extraordinary losses		
Loss on sales of non-current assets	26	
Impairment loss	8,449	
Restructuring expenses	2,726	
Environmental expenses	1,833	13,035
Profit before income taxes		33,581
Income taxes - current	11,007	
Income taxes - deferred	282	11,289
Profit		22,291
Profit attributable to non-controlling interests		99
Profit attributable to owners of parent		22,192

Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2015	65,475	80,711	378,515	(12,412)	512,290
Changes of items during period					
Dividends of surplus			(8,727)		(8,727)
Dividends of surplus (interim dividends)			(3,174)		(3,174)
Profit attributable to owners of parent			22,192		22,192
Purchase of treasury shares				(976)	(976)
Disposal of treasury shares			(75)	133	58
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(87)			(87)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(87)	10,214	(842)	9,285
Balance at March 31, 2016	65,475	80,624	388,730	(13,255)	521,575

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at April 1, 2015	20,775	(1,200)	40,517	(1,821)	58,270	1,132	507	572,200
Changes of items during period								
Dividends of surplus								(8,727)
Dividends of surplus (interim dividends)								(3,174)
Profit attributable to owners of parent								22,192
Purchase of treasury shares								(976)
Disposal of treasury shares								58
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(87)
Net changes of items other than shareholders' equity	(9,039)	1,165	(27,967)	(4,866)	(40,707)	206	22	(40,478)
Total changes of items during period	(9,039)	1,165	(27,967)	(4,866)	(40,707)	206	22	(31,192)
Balance at March 31, 2016	11,735	(35)	12,550	(6,687)	17,563	1,339	530	541,007

Non-Consolidated Balance Sheet

(As of March 31, 2016)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	390,645	Current liabilities	258,278
Cash and deposits	74,406	Notes payable - trade	384
Notes receivable - trade	2,411	Electronically recorded obligations - operating	27,982
Accounts receivable - trade	59,197	Accounts payable - trade	68,053
Finished goods	50,318	Short-term loans payable	15,341
Semi-finished goods	864	Current portion of long-term loans payable	2,900
Raw materials	35	Current portion of bonds	10,000
Work in process	106,542	Lease obligations	610
Supplies	8,889	Accounts payable - facilities	5,200
Deferred tax assets	26,241	Accrued expenses	25,925
Short-term loans receivable from subsidiaries and associates	47,847	Income taxes payable	66
Income taxes receivable	716	Advances received	60,321
Accounts receivable - other	10,476	Deposits received	36,273
Other	2,737	Provision for product warranties	3,705
Allowance for doubtful accounts	(40)	Other	1,512
Non-current assets	273,711	Non-current liabilities	88,410
Property, plant and equipment	56,251	Bonds payable	40,000
Buildings	21,675	Long-term loans payable	44,200
Structures	695	Lease obligations	782
Machinery and equipment	14,227	Asset retirement obligations	2,333
Vehicles	28	Other	1,095
Tools, furniture and fixtures	6,199		
Land	9,836	Total liabilities	346,688
Leased assets	1,081	(Net assets)	
Construction in progress	2,505	Shareholders' equity	304,635
Intangible assets	20,225	Capital stock	65,475
Software	14,551	Capital surplus	80,711
Other	5,673	Legal capital surplus	80,711
Investments and other assets	197,234	Retained earnings	171,702
Investment securities	61,085	Legal retained earnings	5,565
Shares of subsidiaries and associates	100,369	Other retained earnings	166,137
Investments in capital	1	Reserve for research and development	2,056
Investments in capital of subsidiaries and associates	14,786	Reserve for reduction entry of replaced property	5,483
Long-term loans receivable from subsidiaries and associates	6,594	Reserve for reduction entry	4,852
Long-term loans receivable from employees	1	General reserve	111,211
Prepaid pension cost	5,160	Retained earnings brought forward	42,534
Deferred tax assets	5,406	Treasury shares	(13,255)
Other	3,837	Valuation and translation adjustments	11,693
Allowance for doubtful accounts	(9)	Valuation difference on available-for-sale securities	11,711
		Deferred gains or losses on hedges	(17)
		Subscription rights to shares	1,339
		Total net assets	317,668
Total assets	664,357	Total liabilities and net assets	664,357

Non-Consolidated Statement of Income

(From April 1, 2015 to March 31, 2016)

(Million yen)

Item	Amount	
Net sales		565,355
Cost of sales		446,078
Gross profit		119,276
Selling, general and administrative expenses		127,808
Operating loss		8,531
Non-operating income		
Interest and dividend income	11,340	
Other	5,527	16,868
Non-operating expenses		
Interest expenses	1,147	
Other	2,786	3,933
Ordinary income		4,402
Extraordinary income		
Gain on sales of non-current assets	2,396	
Gain on sales of investment securities	470	2,866
Extraordinary losses		
Loss on sales of non-current assets	55	
Impairment loss	7,654	
Environmental expenses	1,771	9,481
Loss before income taxes		2,212
Income taxes - current	(1,195)	
Income taxes - deferred	304	(890)
Loss		1,322

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2015 to March 31, 2016)

(Million yen)

	Shareholders' equity									
	Capital stock	Capital surplus	Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings						
				Reserve for research and development	Reserve for reduction entry of replaced property	Reserve for reduction entry	General reserve	Retained earnings brought forward		
Balance at April 1, 2015	65,475	80,711	5,565	2,056	4,451	4,902	111,211	56,815	(12,412)	318,777
Changes of items during period										
Provision of reserve for reduction entry of replaced property					1,134			(1,134)		-
Reversal of reserve for reduction entry of replaced property					(102)			102		-
Provision of reserve for reduction entry						75		(75)		-
Reversal of reserve for reduction entry						(125)		125		-
Dividends of surplus								(8,727)		(8,727)
Dividends of surplus (interim dividends)								(3,174)		(3,174)
Loss								(1,322)		(1,322)
Purchase of treasury shares									(976)	(976)
Disposal of treasury shares								(75)	133	58
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	1,031	(50)	-	(14,281)	(842)	(14,141)
Balance at March 31, 2016	65,475	80,711	5,565	2,056	5,483	4,852	111,211	42,534	(13,255)	304,635

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at April 1, 2015	20,744	(1,200)	19,543	1,132	339,453
Changes of items during period					
Provision of reserve for reduction entry of replaced property					-
Reversal of reserve for reduction entry of replaced property					-
Provision of reserve for reduction entry					-
Reversal of reserve for reduction entry					-
Dividends of surplus					(8,727)
Dividends of surplus (interim dividends)					(3,174)
Loss					(1,322)
Purchase of treasury shares					(976)
Disposal of treasury shares					58
Net changes of items other than shareholders' equity	(9,033)	1,183	(7,849)	206	(7,643)
Total changes of items during period	(9,033)	1,183	(7,849)	206	(21,785)
Balance at March 31, 2016	11,711	(17)	11,693	1,339	317,668

(TRANSLATION) Copy of Auditor's Report on the Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

May 10, 2016

To the Board of Directors of
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Hitoshi Matsumoto (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masahiro Ide (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Haruko Nagayama (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yuji Ujigawa (seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2016 of NIKON CORPORATION (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in net assets for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NIKON CORPORATION and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION) Copy of Auditor's Report on the Financial Statements

INDEPENDENT AUDITOR'S REPORT

May 10, 2016

To the Board of Directors of
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Hitoshi Matsumoto (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masahiro Ide (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Haruko Nagayama (seal)

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Yuji Ujigawa (seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2016 of NIKON CORPORATION (the "Company"), and the related statements of income and changes in net assets for the 152nd fiscal year from April 1, 2015 to March 31, 2016, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the annexed detailed statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of NIKON CORPORATION as of March 31, 2016, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report

With respect to the performance of duties of the Directors of the Company during the 152nd fiscal year from April 1, 2015 to March 31, 2016, the Board of Corporate Auditors has prepared this audit report after deliberations based on the audit reports prepared by each Corporate Auditor and hereby reports as follows:

1. Method and Contents of Audit by Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors has established the audit policies, assignment of duties, etc. and received a report from each Corporate Auditor regarding the status of implementation of their audits and results thereof. In addition, the Board of Corporate Auditors has received reports from the Directors, etc. and the Independent Auditor regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Corporate Auditor auditing standards established by the Board of Corporate Auditors, and in accordance with the audit policies and assignment of duties, etc., each Corporate Auditor endeavored to facilitate a mutual understanding with the Directors, the Internal Audit Department and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits by the following method:
 - 1) Each Corporate Auditor has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Directors and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchange of information with the Directors and Corporate Auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - 2) Each Corporate Auditor has received reports on a regular basis from the Directors and employees, etc. and requested explanations as necessary with respect to the status of development and maintenance of (i) the contents of the Board of Directors' resolutions regarding the system to ensure that the Directors' performance of their duties complied with all laws and regulations, and the Articles of Incorporation of the Company as described in the Business Report, and other systems that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of a corporate group comprising a joint stock company and its subsidiaries, and (ii) the systems (internal control systems) established based on such resolutions. Regarding internal controls over financial reporting, Corporate Auditors received assessments and reports concerning these internal controls from the Directors, etc. and from Deloitte Touche Tohmatsu LLC and requested explanations as necessary.
 - 3) Each Corporate Auditor monitored and verified whether the Independent Auditor maintained its independence and properly conducted its audit, received a report from the Independent Auditor on the status of its performance of duties, and requested explanations as necessary. Each Corporate Auditor was notified by the Independent Auditor that it had established a "system to ensure that the performance of the duties of the Independent Auditor was properly conducted" (the matters set forth in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the Business Report and its annexed detailed statements thereto, the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements) as well as the financial statements (balance sheet, statement of

income, statement of changes in net assets and notes to financial statements) and their annexed detailed statements thereto for the fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the description of the Business Report and the Directors' performance of their duties concerning the internal control systems, including the internal controls over financial reporting.

(2) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of the audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

(3) Results of Audit of Financial Statements and their Annexed Detailed Statements

We acknowledge that the methods and results of the audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 11, 2016

Board of Corporate Auditors of NIKON CORPORATION

Standing Corporate Auditor:	Norio Hashizume	(seal)
Standing Corporate Auditor:	Koichi Fujiu	(seal)
Corporate Auditor:	Haruya Uehara	(seal)
Corporate Auditor:	Hiroshi Hataguchi	(seal)

Note: Corporate Auditors Haruya Uehara and Hiroshi Hataguchi are External Corporate Auditors pursuant to Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.