(Translation)

Items Disclosed on Internet Concerning
Notice of the 148th Annual General Shareholders' Meeting

Notes to Consolidated Financial Statements and

Notes to Non-Consolidated Financial Statements

NIKON CORPORATION

Notes to Consolidated Financial Statements

(Significant Basis for Presenting Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries : 68 companies

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

Number of newly consolidated subsidiaries : 2 companies

Company name : NIKON STAFF SERVICE CORPORATION
Nikon India Private Limited

From the current fiscal year, NIKON STAFF SERVICE CORPORATION and Nikon India Private Limited are included in the scope of consolidation as the materiality of these companies has increased.

Number of subsidiaries excluded from the scope of consolidation : 2 companies

Company name : 2 subsidiaries of Nikon Metrology NV

The 2 subsidiaries of Nikon Metrology NV are excluded from the scope of consolidation due to the completion of liquidation.

(2) Number of non-consolidated subsidiaries : 18 companies

Company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., and others

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

2. Scope of Equity Method

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

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

(2) Number of non-consolidated subsidiaries not accounted for by equity method : 18 companies

Company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., and others

(3) Number of associated companies not accounted for by equity method : 9 companies

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

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

3. Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of Nikon Imaging (China) Co., Ltd., Nikon Precision Shanghai Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., and Nikon (Russia) LLC. is December 31.

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

Since the difference between the consolidated closing date and the closing date of Nikon Precision Shanghai Co., Ltd. is within 3 months, the Company used to use financial statements of the consolidated subsidiary as of its closing date and make the necessary adjustments for consolidation for any significant transactions that took place between the closing date and the consolidated closing date up to the previous fiscal year. From the current fiscal year, however, the Company has made it a rule to use financial statements prepared on the basis of the provisional closing of their accounts at the consolidated closing date.

4. Basis of Accounting

(1) Valuation basis and method for significant assets

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

(2) Depreciation method for noncurrent assets

a. Property, plant and equipment (excluding lease assets)	
- Company and its consolidated subsidiaries in Japan	The straight-line method is applied to buildings (excluding facilities incidental to buildings), while the declining-balance method is applied to property, plant and equipment other than buildings.
- Overseas consolidated subsidiaries	The straight-line method is mainly applied.
b. Intangible assets (excluding lease assets)	The straight-line method is applied.
c. Lease assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.
(3) Accounting criteria for significant allowances	
a. Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectibility for specific accounts.
b. Provision for product warranties	The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.
c. Provision for retirement benefits	The Company and its major consolidated subsidiaries account for the provision for employees' retirement benefit based on the projected retirement benefit obligations and plan assets at the consolidated balance sheet date. Prior service cost is amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period in

	which the prior service cost accrues, and unrecognized actuarial differences are amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period immediately following the period in which the unrecognized actuarial differences arise.
d. Provision for directors' retirement benefits	The Company used to set aside an amount required for payment of Directors' and Corporate Auditors' retirement benefits at the balance sheet date under internal regulations as provision for directors' retirement benefits and set aside an amount required for payment of Officers' retirement benefits at the balance sheet date under internal regulations as provision for retirement benefits. However, the Company decided to abolish the Retirement Benefits Plan for Directors, Corporate Auditors and Officers at the close of the Annual General Shareholders' Meeting held on June 29, 2011 and make a final payment of retirement benefits corresponding to the service period of each of its Directors, Corporate Auditors and Officers, in accordance with the resolution at the Annual General Shareholders' Meeting.

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

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

(5) Significant hedge accounting

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

(6) Other significant matters for preparing consolidate financial statements

a. Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
b. Amortization of goodwill	Goodwill is charged to income when incurred if the amounts are immaterial; otherwise, the amounts are amortized on a straight-line basis principally over 10 years.
c. Application of consolidated declaration system	The consolidated declaration system that the Company and certain overseas consolidated

subsidiaries are consolidated taxpayers is applied.

5. Additional Information

(1) From the beginning of the current fiscal year, the Group has applied the "Accounting Standards for Accounting Changes and Error Correction" (ASBJ Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standards for Accounting Changes and Error Correction" (ASBJ Guidance No. 24 of December 4, 2009) to its accounting changes and correction of past errors.

(2) In the current fiscal year, the Group contributed 14,600 million yen in cash to a retirement benefit trust with a view to strengthening the financial soundness of its retirement benefits plan.

(Notes to Consolidated Balance Sheet)

1. Assets Pledged as Collateral and Liabilities Secured

(1) Assets pledged as collateral

Investment securities	4,202 million yen
Total	4,202 million yen

(2) Liabilities secured

Short-term loans payable	3,000 million yen
Long-term loans payable	3,200 million yen
Total	6,200 million yen

2.	Accumulated Depreciation of Property, Plant and Equipment	258,117 million yen
3.	Guarantees of Indebtedness	1,869 million yen

(Notes to Consolidated Statement of Income)

1. Insurance Income

Nikon (Thailand) Co., Ltd., which incurred damage due to the floods in Thailand in October 2011, posted the settled amount of insurance income in connection with part of the losses of noncurrent assets and inventories affected by the disaster.

Insurance income yet to be settled will be posted as soon as the amount is fixed.

2. Impairment Loss

The Group classifies by business segment the smallest units that create generally independent cash flow as well as important unutilized assets.

For the industrial instruments sector of the Instruments Business, the Group drafted a business plan that factored in lower estimates of total cash flow for the initially assumed period. These lower estimates were the result of narrowing our product line, following greater business selection and concentration efforts, and revising market growth rates, in response to changes in market conditions and the business climate during the current fiscal year. Consequently, goodwill relating to this business saw a decrease of book values to recoverable amounts, resulting in the posting of 6,497 million yen as impairment loss.

The recoverable amounts were measured based on value in use, with future cash flow discounted by 6.6%.

3. Loss on Disaster

Loss on disaster includes the loss in noncurrent assets, inventories and expenses caused by the floods in Thailand which took place in October 2011.

The loss mainly includes the following.

Disposal and impairment loss of noncurrent assets:	6,790 million yen
Disposal and write-down of inventories:	2,117 million yen
Restoration cost and others:	1,578 million yen

(Notes to Consolidated Statement of Changes in Net Assets)

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

(Shares)

	As of April 1, 2011	Increase	Decrease	As of March 31, 2012
Shares issued				
Common stock	400,878,921	-	-	400,878,921
Total	400,878,921	-	-	400,878,921
Treasury stock				
Common stock	4,401,391	3,116	62,379	4,342,128
Total	4,401,391	3,116	62,379	4,342,128

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 29, 2011	Common Stock	5,550	14.00	March 31, 2011	June 30, 2011
Board of directors meeting on November 4, 2011	Common Stock	6,740	17.00	September 30, 2011	December 1, 2011

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

The Company plans to resolve as follows at the annual shareholders' meeting which will be held on June 28, 2012.

Resolution	Type of shares	Total dividend paid (million yen)	Resource of dividends	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 28, 2012	Common stock	8,327	Retained earnings	21.00	March 31, 2012	June 29, 2012

3. Stock Acquisition Rights and Others

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

Common stock	713,600 shares

(Financial Instruments)

1. Matters Related to Financial Instruments

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

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

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

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

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

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

2. Fair Values of Financial Instruments

Carrying amounts, fair values and the differences between carrying amounts and fair values as of March 31, 2012 were as follows. The accounts deemed to be extremely difficult to calculate the fair values were not included in the following:

(Million yen)

	Carrying amount (*)	Fair value (*)	Unrealized gain (loss)
(1) Cash and deposits	132,404	132,404	-
(2) Notes and accounts receivables - trade	132,865	132,865	-
(3) Investment securities	44,072	44,486	413
(4) Notes and accounts payable - trade	(155,338)	(155,338)	-
(5) Short-term loans payable	(13,650)	(13,650)	-
(6) Accrued expenses	(54,751)	(54,751)	-
(7) Income taxes payable	(15,076)	(15,076)	-
(8) Bonds payable	(40,000)	(41,206)	(1,206)
(9) Long-term loans payable	(27,600)	(27,877)	(277)
(10) Derivatives	(3,477)	(3,477)	-

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

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

(1) Cash and deposits and (2) Notes and accounts receivable - trade:

The carrying amounts of cash and deposits and notes and accounts receivable - trade approximate their fair values because of their short maturities.

The carrying amounts and fair values of notes and accounts receivable - trade are the amounts after deduction of the allowance for doubtful accounts.

(3) Investment securities:

The fair values of investment securities are measured at the quoted market price of the stock exchange. Investment securities whose fair value is not readily determinable (the carrying amounts of ¥11,283 million) are excluded because it is difficult to determine the fair values.

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

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

(8) Bonds payable:

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

(9) Long-term loans payable

The fair values of long-term loans payable are determined by discounting the future cash flows related to the loans by the rate assumed based on interest rates on government securities and credit spread. The fair values of long-term loans payable with variable interest rates using interest rate swaps that are subject to the special treatment of interest rate swaps are determined by discounting the principal amounts with interest of such interest rate swaps related to the loans by the rate assumed based on interest rates on government securities and credit spread.

Current portion of long-term loans payable in current liabilities is included.

(10) Derivatives

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

Interest rate swaps for which special treatment is applied are accounted for together with long-term loans payable designated as the hedged item, therefore, their fair values are included in the fair values of the hedged long-term loans payable.

(Notes to Per-Share Information)

1.	Net assets per share	1,091.98 yen
2.	Net income per share	149.57 yen

Amounts less than 1 million yen are rounded off.

Notes to Non-Consolidated Financial Statements

1. Significant Accounting Policies

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

(4) Depreciation method for noncurrent assets

- Property, plant and equipment (excluding lease assets)	The straight-line method is applied to buildings (excluding facilities incidental to buildings), while the declining-balance method is applied to property, plant and equipment other than buildings.
- Intangible assets (excluding lease assets)	The straight-line method is applied.
- Lease assets	Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.

(5) Accounting for deferred assets	Bond issuance expenses are expensed as paid.
(6) Accounting criteria for allowances	
- Allowance for doubtful accounts	To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectibility for specific accounts.
- Provision for product warranties	The Company provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.
- Provision for retirement benefits	The Company accounts for the provision for employees' retirement benefit based on the retirement benefit obligations and plan assets at the balance sheet date. In the fiscal year under review, the total amount of plan assets exceeded the amount of retirement benefit obligations after adjusting for any unrecognized actuarial difference and unrecognized prior service cost. Therefore, the excess amount is posted as prepaid pension

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

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

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and the translation adjustment is recognized in the non-consolidated statement of income.

(8) Hedge accounting

a. Method for hedge accounting

In principle, the deferral hedge accounting is applied. The special treatment is applied to the interest rate swaps which satisfies requirements for the special treatment.

b. Hedging instruments and hedged items

Hedging instruments are foreign exchange forward contracts, currency options and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.

c. Hedging policy

Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others about derivative transactions.

d. Method for assessment of hedge effectiveness

The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the

	corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others. Evaluation of the hedging effectiveness of interest rate swaps for which the special treatment is applied is omitted.
(9) Accounting for consumption taxes and others	Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.
(10) Application of consolidated declaration system	The Company applies the consolidated declaration system.

(Additional Information)

1. The Company used to set aside an amount required for payment of Directors' and Corporate Auditors' retirement benefits at the balance sheet date under internal regulations as "provision for directors' retirement benefits" and set aside an amount required for payment of Officers' retirement benefits at the balance sheet date under internal regulations as "provision for retirement benefits." However, the Company decided to abolish the Retirement Benefits Plan for Directors, Corporate Auditors and Officers at the close of the Annual General Shareholders' Meeting held on June 29, 2011 and make a final payment of retirement benefits corresponding to the service period of each of its Directors, Corporate Auditors and Officers, in accordance with the resolution at the Annual General Shareholders' Meeting.

   In connection with the above, the amount of final payment is posted as "long-term accounts payable - other," with the amount of "provision for directors' retirement benefits" and "provision for retirement benefits" for Officers reduced to zero in the current fiscal year. Long-term accounts payable - other in the amount of 645 million yen at the balance sheet date are included in "Other" of noncurrent liabilities.

2. From the beginning of the current fiscal year, the Company has applied the "Accounting Standards for Accounting Changes and Error Correction" (ASBJ Statement No. 24 of December 4, 2009) and the "Guidance on Accounting Standards for Accounting Changes and Error Correction" (ASBJ Guidance No. 24 of December 4, 2009) to its accounting changes and correction of past errors.

2. Matters on Non-Consolidated Balance Sheet

(1) Assets pledged as collateral and liabilities secured

i. Assets pledged as collateral

Investment securities	4,202 million yen

ii. Liabilities secured

Current portion of long-term loans payable	3,000 million yen
Long-term loans payable	3,200 million yen
Total	6,200 million yen

(2) Accumulated depreciation of property, plant and equipment 188,809 million yen

(3) Guarantees of indebtedness

Guarantee	Guaranteed amount	Content of guarantee of indebtedness
514 employees	1,190 million yen	Mortgage and others
Nikon do Brasil Ltda.	578 million yen	Loans payable
Others	789 million yen	Loans payable and others
Total	2,558 million yen	

(4) Monetary receivables and payables to affiliated companies

Short-term monetary receivables	105,601 million yen
Long-term monetary receivables	11,896 million yen
Short-term monetary payables	72,628 million yen

(5) Monetary payables to directors and corporate auditors

Long-term monetary payables	444 million yen

3. Matters on Non-Consolidated Statement of Income

(1) Transactions with affiliated companies

Operational transactions	
Sales to affiliated companies	531,744 million yen
Purchase from affiliated companies	236,575 million yen
Other transactions	36,495 million yen

(2) Impairment loss

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

(3) Loss on disaster

Loss on disaster includes the disposal and impairment loss of noncurrent assets and cost for repair of inventories caused by the floods in Thailand which took place in October 2011.

The loss mainly includes the following.

Disposal and impairment loss of noncurrent assets:	1,243 million yen
Cost for repair of inventories:	496 million yen

4. Matters on Non-Consolidated Statement of Changes in Net Assets

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

Common stock	4,342,128 shares

5. Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets:	
Inventories	26,626 million yen
Depreciation and amortization	15,423 million yen
Provision for retirement benefits	2,968 million yen
Accrued bonus	2,573 million yen
Other	6,660 million yen
Total deferred tax assets	54,251 million yen
Deferred tax liabilities:	
Reserve for reduction entry of replaced property	(2,871) million yen
Valuation difference on available -for-sale securities	(1,147) million yen
Asset retirement obligations	(226) million yen
Reserve for special depreciation	(13) million yen
Other	(55) million yen
Total deferred tax liabilities	(4,314) million yen
Net deferred tax assets	49,936 million yen

(Note) The valuation allowance of 3,003 million yen is deducted to calculate deferred tax assets.

(Additional Information)

Effects of Changes in Corporate Taxes

The “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No. 114 of 2011) and “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake”(Act No. 117 of 2011) promulgated on December 2, 2011 led to reduction of corporate tax rates and introduction of special reconstruction corporate tax from the fiscal year beginning on April 1, 2012. Consequently, the effective statutory tax rate applicable in calculation of deferred tax assets and deferred tax liabilities have been changed from the previous rate of 40.6% to 38.0% in respect of temporary difference expected to be resolved in the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014 and to 35.6%

in respect of temporary difference expected to be resolved in the fiscal year beginning on April 1, 2015 or thereafter.

Such change decreased the net amount of deferred tax assets (after deducting deferred tax liabilities) as of the end of the current fiscal year by 3,558 million yen and increased the amount of income taxes-deferred for the current fiscal year by 3,649 million yen.

6. Related Parties

(Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
Subsidiaries	Nikon Inc.	100.0	Three	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 2)	109,739	Accounts receivable - trade	11,965
	Nikon Europe B.V.	100.0	Two	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 2)	138,415	Accounts receivable - trade	14,704
	Nikon Hong Kong Ltd.	100.0	Two	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 2)	67,749	Accounts receivable - trade	8,283
	Nikon Imaging (China) Sales Co., Ltd.	100.0	Two	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 2)	62,478	Accounts receivable - trade	11,981

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
	Nikon Precision Inc.	100.0	One	Import and sales of the Company's products	Sales of Precision Equipment Business products (Note 2)	64,503	Advances received	8,982
Subsidiaries	Nikon (Thailand) Co., Ltd.	100.0	Two	Manufacture of the Company's products	Manufacture of Imaging Products Business products (Note 3)	97,029	Accounts payable - trade	11,515
					Sales of equipment (Note 4)	7,052	Accounts receivable - other	6,646
	NIKON BUSINESS SERVICE CO., LTD.	100.0	Two	Affairs related to welfare, engineering and general affairs and logistics operations for the Company's products	Purchase of equipment (Note 1)	8,651	Accounts payable	4,394
	Nikon Americas Inc.	100.0	Two	Holding company of subsidiaries in the United States	Loans for short-term working capital (Note 5)	-	Short-term loans receivable	12,470

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
Subsidiaries	Nikon Metrology NV	100.0	Two	Development, manufacture, sales and maintenance service of products related to measuring and inspection	Loans for long-term working capital (Note 6)	2,070	Long-term loans receivable	9,772
	TOCHIGI NIKON CORPORATION	100.0	Two	Manufacture of the Company's products	Deposits for consumption of money (Note 7)	-	Deposits received	6,662

Condition of transaction, policy to determine such condition and others

(Note 1) The conditions for purchasing equipment are determined after negotiations in each case in consideration of prices calculated based on market quotations and estimates from the supplier.

(Note 2) The condition of transaction of product sales is determined in consideration of market prices.

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

(Note 4) The conditions for selling equipment are determined in consideration of market prices.

(Note 5) The Group is introducing a cash management system ("CMS"), and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.

(Note 6) Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.

(Note 7) The Group is introducing CMS, and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates on deposits for consumption of money are reasonably determined in consideration of the market interest rate.

(Note 8) The transaction amount and balance of foreign subsidiaries at the end of the period do not include consumption taxes and others.

(Note 9) The balances of assets and liabilities denominated in foreign currencies at the end of the period are presented in the amounts translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date.

7. Retirement Benefit

(1) Outline of retirement benefit plans

The Company has a defined benefit corporate pension plan (cash balance plan) under Defined-Benefit Corporate Pension Act. The Company also has a defined contribution pension plan for a portion of future retirement benefit.

(2) Retirement benefit obligation

Retirement benefit obligation	(89,191) million yen
Fair value of plan assets	86,478 million yen
Unfunded retirement benefit obligation	(2,712) million yen
Unrecognized actuarial loss	15,768 million yen
Unrecognized prior service cost	(4,203) million yen
Prepaid pension cost	8,852 million yen

Fair value of plan assets includes the retirement benefit trust of 14,358 million yen.

(Additional Information)

In the current fiscal year, the Company contributed 14,600 million yen in cash to a retirement benefit trust with a view to strengthening the financial soundness of its retirement benefits plan. As a result, the balance of provision for retirement benefits became zero, and a prepaid pension cost was posted in investments and other assets.

The Company decided to abolish the Retirement Benefits Plan for Directors, Corporate Auditors at the close of the Annual General Shareholders' Meeting held on June 29, 2011 and make a final payment of retirement benefits corresponding to the service period of each of its Directors and Corporate Auditors, in accordance with the resolution at the Annual General Shareholders' Meeting. This led to a reduction to zero of provision for retirement benefits for Officers, which used to be included in retirement benefit obligation, and posting of the amount of final payment as long-term accounts payable - other.

Consequently, provision for retirement benefits for Officers is excluded from retirement benefit obligation.

(3) Retirement benefit expenses

Service cost	2,162 million yen
Interest cost	2,090 million yen
Expected return on plan assets	(1,352) million yen
Recognized actuarial loss	2,801 million yen
Amortization of prior service cost	(1,885) million yen
Subtotal	3,816 million yen
Others	(211) million yen
Retirement benefit expenses	3,605 million yen

In addition, contributions of defined benefit pension plan amounting to 945 million yen were recorded in "cost of sales" and "retirement benefit expenses in selling, general and administrative expenses" in addition to the above retirement benefit expenses.

(4) Others

Discount rate	1.8%
Expected rate of return on plan assets	2.0%

8. Notes to Per-Share Information

Net assets per share	770.14 yen
Net income per share	73.94 yen

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