

This is a partial translation of the original Japanese “Notice of the 149th Annual General Shareholders’ Meeting” prepared for the convenience of non-resident shareholders. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code: 7731

June 6, 2013

NIKON CORPORATION

12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo

Dear Shareholder,

## Notice of the 149th Annual General Shareholders’ Meeting

You are cordially invited to attend our 149th Annual General Shareholders’ Meeting to be held as outlined below.

Sincerely yours,

Makoto Kimura

President, Member of the Board

- 1. Date & Time:** 10:00 a.m., June 27, 2013 (Thursday)  
**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 149th term (April 1, 2012 to March 31, 2013)
2. Non-Consolidated Financial Statements for the 149th term (April 1, 2012 to March 31, 2013)

**Matters to be resolved**

- Item 1:** Appropriation of Surplus  
**Item 2:** Election of Ten Directors  
**Item 3:** 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 26, 2013 (Wednesday).

- 
- \* 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](http://www.nikon.com/about/ir/stock_info/meeting/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 proposals on the enclosed voting form and return it to the Company by 5:00 p.m. on June 26, 2013 (Wednesday).

If approval or disapproval is not indicated for any proposal 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 26, 2013 (Wednesday), 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

12 yen per Company common share

Total payment of dividends: 4,759,189,932 yen

(3) Effective date of dividends from surplus

June 28, 2013

The annual dividend for the fiscal year under review, including an interim dividend, will be 31 yen per Company common share, decreasing 7 yen from the previous fiscal year.

## Item 2: Election of Ten Directors

As the terms of office for all ten Directors will expire at the conclusion of this General Shareholders' Meeting, it is proposed that ten Directors be elected.

The candidates are as follows:

Candidate number	Name (Date of birth)	Career summary, position and duties at the Company, and important concurrent positions outside the Company	Shares held in the Company	Special interests in the Company
1	Makoto Kimura (February 3, 1948)	<p>Apr. 1974: Joined the Company</p> <p>Jun. 2001: Operating Officer, General Manager of Marketing &amp; Merchandising Management Department, Imaging Company, the Company</p> <p>Jan. 2002: Operating Officer, General Manager of Marketing Management Department, Imaging Company, the Company</p> <p>Oct. 2002: Operating Officer, President of Imaging Company, the Company</p> <p>Jun. 2003: Managing Director, Member of the Board &amp; Senior Executive Officer, President of Imaging Company, the Company</p> <p>Jun. 2005: Senior Managing Director, Member of the Board &amp; Senior Executive Officer, President of Imaging Company, the Company</p> <p>Jun. 2007: Director, Member of the Board &amp; Senior Executive Officer, President of Imaging Company, the Company</p> <p>Jun. 2009: Director, Member of the Board &amp; 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 (to present)</p>	33,100 shares	-
2	Junichi Itoh (November 26, 1950)	<p>Apr. 1975: Joined Mitsubishi Bank, Ltd.</p> <p>Jun. 2002: Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>May 2005: Managing Executive Officer of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun. 2005: Managing Director of The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jan. 2006: Managing Director of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2009: Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2011: Director, Member of the Board &amp; Executive Vice President &amp; CFO, Officer in charge of Corporate Planning Headquarters, Finance &amp; Accounting Headquarters, the Company</p> <p>Oct. 2012: Director, Member of the Board &amp; Executive Vice President &amp; CFO, Officer in charge of Corporate Planning Headquarters, Finance &amp; Accounting Headquarters, Information Security Headquarters, the Company (to present)</p> <p>[Important concurrent positions outside the Company] Chairman of Nikon Americas Inc. Chairman of Nikon Holdings Europe B.V. Chairman of Nikon Holdings Hong Kong Limited</p>	3,000 shares	-

Candidate number	Name (Date of birth)	Career summary, position and duties at the Company, and important concurrent positions outside the Company	Shares held in the Company	Special interests in the Company
3	Kazuo Ushida (January 25, 1953)	Apr. 1975: Joined the Company Jun. 2003: Operating Officer, General Manager of Development Headquarters, Precision Equipment Company, the Company Jun. 2005: Managing Director, Member of the Board & Senior Executive Officer, President of Precision Equipment Company, the Company Jun. 2007: Director, Member of the Board & Senior Executive Officer, President of Precision Equipment Company, the Company Jun. 2009: Director, Member of the Board & Senior Executive Officer, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, the Company (to present) [Important concurrent position outside the Company] Chairman of Nikon Precision Inc.	19,899 shares	-
4	Toshiyuki Masai (August 5, 1952)	Mar. 1980: Joined the Company Jun. 2005: Operating Officer, the Company President & CEO of Nikon Inc. Sep. 2007: Operating Officer, the Company President of Nikon Europe B.V. Jun. 2009: Director, Member of the Board & Executive Officer, President of Instruments Company, the Company (to present)	14,000 shares	-
5	Yasuyuki Okamoto (January 3, 1956)	Apr. 1978: Joined the Company Jun. 2005: Operating Officer, General Manager of Marketing Management Department, Imaging Company, the Company Oct. 2006: Operating Officer, General Manager of Marketing Headquarters, Imaging Company, the Company Oct. 2007: Operating Officer, the Company President & CEO of Nikon Inc. Jun. 2009: Executive Officer, the Company President & CEO of Nikon Inc. Jun. 2010: Director, Member of the Board & Executive Officer, President of Imaging Company, the Company (to present)	4,100 shares	-
6	Norio Hashizume (December 4, 1952)	Apr. 1975: Joined the Company Jun. 2005: Operating Officer, General Manager of Financing & Accounting Department, the Company Jun. 2009: Director, Member of the Board & Operating Officer, Officer in charge of Affiliates Administration Department, General Manager of Financing & Accounting Department, the Company Jun. 2010: Director, Member of the Board & Executive Officer, General Manager of Finance & Accounting Headquarters, the Company (to present) [Important concurrent positions outside the Company] President & CEO of Nikon Americas Inc. President of Nikon Holdings Europe B.V. President of Nikon Holdings Hong Kong Limited	12,806 shares	-
7	Hiroshi Ohki (August 12, 1954)	Apr. 1979: Joined the Company Jun. 2008: Operating Officer, General Manager of Research & Development Headquarters, Core Technology Center, the Company Jun. 2011: Executive Officer, Vice President of Core Technology Center & General Manager of Research & Development Headquarters, Core Technology Center, the Company Jun. 2012: Director, Member of the Board & Executive Officer, President of Core Technology Center, the Company (to present)	8,800 shares	-

Candidate number	Name (Date of birth)	Career summary, position and duties at the Company, and important concurrent positions outside the Company	Shares held in the Company	Special interests in the Company
8	Kenichi Kanazawa (March 12, 1954)	Apr. 1976: Joined the Company Jun. 2008: Operating Officer, the Company President of Nikon (Thailand) Co., Ltd. Jun. 2009: Operating Officer, General Manager of Information System Headquarters, the Company Jun. 2011: Director, Member of the Board & Operating Officer, President of Business Administration Center, the Company Jun. 2012: Director, Member of the Board & Executive Officer, Officer in charge of Information System Headquarters, President of Business Administration Center, the Company Oct. 2012: Director, Member of the Board & Executive Officer, Officer in charge of Information System Headquarters, President of Business Administration Center, General Manager of Information Security Headquarters, the Company (to present)	4,900 shares	-
9	Kenji Matsuo (June 22, 1949)	Apr. 1973: Joined Meiji Life Insurance Company Jul. 2001: Director of Meiji Life Insurance Company Apr. 2005: Managing Director of Meiji Yasuda Life Insurance Company Dec. 2005: President of Meiji Yasuda Life Insurance Company Jun. 2006: External Director, Member of the Board, the Company (to present) Jul. 2006: President, Representative Executive Officer and Director of Meiji Yasuda Life Insurance Company (to present)  [Important concurrent positions outside the Company] External Corporate Auditor of Chubu Electric Power Co., Inc. External Corporate Auditor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.	0 shares	See note 5 below
10	Koukei Higuchi (March 14, 1936)	Apr. 1960: Joined The Tokio Marine & Fire Insurance Co., Ltd. Jun. 1996: President of The Tokio Marine & Fire Insurance Co., Ltd. Jun. 2001: Chairman of The Tokio Marine & Fire Insurance Co., Ltd. Jun. 2003: Counsellor of The Tokio Marine & Fire Insurance Co., Ltd. Oct. 2004: Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Jun. 2010: External Director, Member of the Board, the Company (to present)  [Important concurrent positions outside the Company] External Corporate Auditor of Japan Airport Terminal Co., Ltd. External Director of NOHMI BOSAI LTD. External Corporate Auditor of Mitsubishi Research Institute, Inc.	0 shares	-

Notes:

1. Kenji Matsuo and Koukei Higuchi are candidates for the position of External Director as provided for under the Companies Act.
2. Kenji Matsuo has a wealth of knowledge and experience as an executive at other companies and we believe that he will be able to monitor and supervise overall management owing to his excellent insight. He will have served as External Director for the Company for seven years at the conclusion of this General Shareholders' Meeting.
3. Koukei Higuchi has a wealth of knowledge and experience as an executive at other companies and we believe that he will be able to monitor and supervise overall management owing to his excellent insight. He will have served as External Director for the Company for three years at the conclusion of this General Shareholders' Meeting.
4. Koukei Higuchi is scheduled to retire as Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. in June 2013 and assume the office of Honorary Advisor of the said company.
5. The Company has borrowed funds from Meiji Yasuda Life Insurance Company, for which Kenji Matsuo concurrently serves as President and Representative Executive Officer, based on the loan agreements. The Company also has an insurance transaction relationship with the said company.

6. If this proposal is approved, the Company plans to renew its agreement with Kenji Matsuo that limits his 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 this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.
7. If this proposal is approved, the Company plans to renew its agreement with Koukei Higuchi that limits his 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 this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.
8. Kenji Matsuo and Koukei Higuchi are reported to Tokyo Stock Exchange, Inc. as being independent directors.



**Item 3: 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 75,079,000 yen in total be paid to eight Directors (excluding two External Directors) as of the end of the fiscal year (the 149th term).

(Attached documents)

## Business Report

(From April 1, 2012 to March 31, 2013)

### **1. Matters relating to the current state of the Group**

#### (1) Results of operations

##### (i) Review of operations

In the global economy during the consolidated fiscal year ended March 31, 2013, although a recovery trend was observed in the United States, the European debt crisis resulted in economic stagnation in Europe and growth was also weaker for emerging countries in Asia and other regions. In the Japanese economy, despite heightened expectations of recovery in the fourth quarter, conditions were tough in the fiscal year as a whole because of the global economic downturn.

In the Precision Equipment Business and the Instruments Business, the market shrank amid a cooling-off of capital investment. In the Imaging Products Business, the Digital camera Interchangeable Lens Type market climate took a sharp turn for the worse from the middle of the third quarter. Additionally, the compact digital camera market continued to shrink.

Under these circumstances, in order to expand its businesses and improve profitability, the Group devoted efforts to the market launch of competitive new products, while working to expand production and sales sites, shorten manufacturing lead times, and cut costs. In addition, we pressed ahead actively with cultivation of new business domains through measures such as investing management resources in the creation of businesses in the health and medicine fields.

Furthermore, we revised our development and design process and management methods, while endeavoring to secure and foster competent human resources capable of performing on the global stage.

As a result of the foregoing, net sales for the consolidated fiscal year increased by 91,842 million yen (10.0%) year on year to a record-high 1,010,493 million yen. However, due to the impact of the worsening market conditions, operating income decreased by 29,079 million yen (36.3%) year on year to 51,001 million yen, ordinary income was down by 41,039 million yen (45.9%) year on year to 48,344 million yen, resulting in net income of 42,459 million yen, a decrease of 16,846 million yen (28.4%) year on year.

Performance by business segment is as follows.

#### **a. Precision Equipment Business**

Of the markets related to the business, in both semiconductor-related and LCD panel-related markets, capital investment by manufacturers cooled off and markets shrank.

Amid this situation, the Group strove to expand sales in the IC steppers and scanners field, focusing on the NSR-S621D ArF immersion scanner, which achieves super-high accuracy and super-high throughput compatible with double patterning. At the same time, we released the new

product NSR-S622D which has even greater accuracy. Furthermore, we were the first in the world to accept orders for the 450 mm wafer compatible ArF immersion scanner (prototype).

In the LCD steppers and scanners field, amid strong demand for devices used for mid-to-small size high definition displays optimal for mass production of smart-phone/tablet terminals, etc., the Group expanded sales for new products with a multi-lens system such as the FX-67S that offers improved productivity and resolution.

In addition, the Group made continuous efforts across the business as a whole to improve the profit structure, including shortening of manufacturing periods and cutting costs.

However, due to the impact of the worsening market conditions, net sales decreased by 27.9% from the previous fiscal year to 179,013 million yen, and operating income was down by 69.4% from the previous fiscal year to 13,090 million yen.

#### **b. Imaging Products Business**

Of the markets related to the business, the Digital camera Interchangeable Lens Type market continued to show strong expansion, but the market climate took a sharp turn for the worse from the middle of the third quarter, and the compact digital camera market shrank further.

Amid this situation, among the Digital camera Interchangeable Lens Type, digital single-lens reflex (SLR) cameras showed steady sales growth for existing products such as the D800. In addition, although we temporarily increased product inventory as a measure to mitigate related risk for floods in Thailand, and were forced to lower prices particularly for entry models as the market conditions deteriorated from the middle of the third quarter, we made progress in inventory reduction and were able to reduce the inventory level as planned by the end of the fiscal year. Advanced Camera Interchangeable Lens Type Nikon 1 captured a high market share especially in North America and Europe, raising brand awareness for the series.

Amid a shrinking compact digital camera market, the Group captured top market shares in each region as a result of efforts to launch and expand sales for product lines with distinctive features.

As we marked the 80th anniversary of the launch of the NIKKOR lens, sales of interchangeable lenses were strong, backed by an increase in sales for Digital camera Interchangeable Lens Type, and the cumulative production reached 75 million units in November of last year.

In addition, the Group was active in launching competitive products, such as the respective launches in March 2013 of the mid-class digital SLR camera D7100, and of the compact digital camera COOLPIX A equipped with Nikon DX-format sensor.

Furthermore, the Group strengthened and enhanced the sales and production system during the year, commencing operations at a sales subsidiary in Indonesia in February, and establishing a new factory in Laos in March.

As a result of the foregoing, net sales increased by 28.0% from the previous fiscal year to 751,240 million yen, and operating income increased by 12.5% from the previous fiscal year to 60,711 million yen.

**c. Instruments Business**

Of the markets related to the business, the bioscience-related markets faced a challenging environment due to the effects of reduced and deferred government budget implementation mainly in developed countries. In the industrial instruments-related markets, although capital investment related to smart-phone/tablet terminals and automobiles was robust, semiconductors and electronic components performed sluggishly affected by restraint in capital investment by entities.

Under these circumstances, the Group expanded its market share in the bioscience business mainly overseas, thanks to growth in sales primarily for microscopes used in cell research, although system-related products were impacted by increasingly fierce price competition. In addition, we worked to expand sales of BioStation that can be also used in the cultivation and observation of iPS cells.

In the industrial instruments business, the Group launched new products such as the industrial microscope ECLIPSE LV-N series, and worked to expand sales of non-contact 3D metrology devices.

In addition, the Group pressed ahead with improvements to the profit structure, including cutting costs and shortening of manufacturing periods across the business as a whole.

As a result of the foregoing, net sales decreased by 3.8% from the previous fiscal year to 53,877 million yen, while operating loss was 4,977 million yen (operating loss of 3,166 million yen in the previous fiscal year).

**d. Other Businesses**

In the Customized Products Business, sales of space-related products grew considerably, and in the Glass Business, the Group made efforts to expand sales of LCD photomask substrates and optical components amid severe market conditions.

As a result of the foregoing, net sales of these businesses decreased by 3.7% from the previous fiscal year to 26,363 million yen, and operating income decreased by 14.9% from the previous fiscal year to 3,555 million yen.

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

**Business Segment Sales for 149th term (Year Ended March 31, 2013)**

Business segment	Net sales (million yen)	Percentage of total sales (%)	Change from previous year (%)
Precision Equipment Business	179,013	17.7	(27.9)
Imaging Products Business	751,240	74.4	28.0
Instruments Business	53,877	5.3	(3.8)
Other Businesses	26,363	2.6	(3.7)
Total	1,010,493	100.0	10.0

(ii) Capital investments

Fiscal year capital investments totaled 60,158 million yen. The amounts of investment by business were 8,301 million yen in the Precision Equipment Business, 34,449 million yen in the Imaging Products Business, 1,512 million yen in the Instruments Business, and 10,733 million yen for Other Businesses. Major capital investments in the fiscal year included additional equipment for the development and manufacturing of cutting-edge steppers and scanners in the Precision Equipment Business and manufacturing equipment expansion and upgrade at overseas production subsidiaries in the Imaging Products Business.

(iii) Fund procurement

At the end of the fiscal year, long-term loans payable (including the portion due within one year) totaled 27,600 million yen, which was unchanged from the end of the previous fiscal year.

In the fiscal year under review, the Group did not procure funds by means of increasing capital or issuing bonds.

(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 stock acquisition rights, etc. of other company

None

(2) Financial highlights for three previous fiscal years

(i) The Group

Item	146th term (Year ended March 31, 2010)	147th term (Year ended March 31, 2011)	148th term (Year ended March 31, 2012)	149th term (Year ended March 31, 2013)
Net sales (million yen)	785,498	887,512	918,651	1,010,493
Ordinary income (loss) (million yen)	(15,334)	55,811	89,383	48,344
Net income (loss) (million yen)	(12,615)	27,312	59,305	42,459
Net income (loss) per share (yen)	(31.82)	68.90	149.57	107.07
Total assets (million yen)	740,632	829,909	860,230	865,019
Net assets (million yen)	372,069	389,220	433,616	491,324

(ii) The Company

Item	146th term (Year ended March 31, 2010)	147th term (Year ended March 31, 2011)	148th term (Year ended March 31, 2012)	149th term (Year ended March 31, 2013)
Net sales (million yen)	572,972	677,661	688,781	749,198
Ordinary income (loss) (million yen)	(35,360)	25,303	48,575	20,176
Net income (loss) (million yen)	(19,367)	12,879	29,318	20,182
Net income (loss) per share (yen)	(48.86)	32.49	73.94	50.89
Total assets (million yen)	590,166	655,760	662,603	630,885
Net assets (million yen)	283,802	291,018	305,995	318,369

(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	78,130 thousand HK dollars	*100.0	Sales in Asia 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

Note: \* shows ownership ratios based on indirect ownership by the Company.

(4) Issues to be addressed

As regards the business segments of the Nikon Group, in the Precision Equipment Business, capital investment in the semiconductor-related field is predicted to recover in the latter half of the fiscal year, although conditions are expected to remain severe. In the LCD panel-related field, recovery of market conditions is anticipated mainly for devices used in mid-to-small size displays. In the Imaging Products Business, the compact digital camera market is predicted to shrink, while the Digital camera—Interchangeable Lens Type market is expected to grow. In the Instruments Business, the outlook for the bioscience-related markets and industrial instruments-related markets remains severe.

Under these circumstances, the Nikon Group will endeavor to implement structural reform in order to strengthen existing businesses, by shortening manufacturing lead times, promoting to cut costs, and optimizing business processes across the board. At the same time, we will accelerate studies, research, and development in order to create businesses in new domains including the fields of health and medicine, with a view to rebuilding our business portfolio to realize sustainable growth adapted to changes in the structure of the industry.

Furthermore, the Group will continue its efforts to develop its business activities globally with CSR always in mind, to secure, foster, and utilize competent human resources, and to reinforce the risk-management system.

Through these measures, the Nikon Group is committed to continued growth, and continually offering new value.

(5) Main business (as of March 31, 2013)

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

Business segment	Main products
Precision Equipment Business	IC steppers and scanners, LCD steppers and scanners
Imaging Products Business	Digital camera—Interchangeable Lens Type, compact digital cameras, interchangeable camera lenses, film cameras, binoculars
Instruments Business	Biological microscopes, industrial microscopes, measuring instruments, semiconductor inspection equipment
Other Businesses	Customized products, LCD photomask substrates



(6) Major offices and plants (as of March 31, 2013)

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 15.

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, 2013)

(i) Employees of the Group

Number of employees	Change from the end of the previous consolidated fiscal year
24,047	down 301

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
6,707	up 158	43.9	19.4

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

(8) Major lenders (as of March 31, 2013)

Lender	Amount borrowed (million yen)
Meiji Yasuda Life Insurance Company	7,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,250
NIPPON LIFE INSURANCE COMPANY	4,200

(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, 2013)

- (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: 34,350
- (v) Major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	29,054	7.3
The Master Trust Bank of Japan, Ltd. (Trust Account)	28,474	7.2
JPMorgan Chase Bank 380055	25,603	6.5
Meiji Yasuda Life Insurance Company	20,565	5.2
State Street Bank and Trust Company	18,348	4.6
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,054	2.0
NIPPON LIFE INSURANCE COMPANY	7,893	2.0
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	7,389	1.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,378	1.9
The Joyo Bank, Ltd.	6,801	1.7

Note: The percentage of total shares issued is calculated after deducting treasury stock of 4,279,760 shares.

(2) Stock acquisition rights

(i) Stock acquisition rights held by the Company's Directors and Corporate Auditors that were granted as remuneration for duties performed (as of March 31, 2013)

Issue number (date of issue)	Number of stock acquisition rights	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 stock acquisition rights (number of holders))	
						Directors	Corporate Auditors
2nd issue (July 1, 2004)	10	10,000 shares of the Company's common stock	Gratis issue	1,225,000	From June 30, 2006 to June 29, 2014	10 (1)	0 (0)
3rd issue (July 1, 2005)	44	44,000 shares of the Company's common stock	Gratis issue	1,273,000	From June 30, 2007 to June 29, 2015	34 (5)	10 (1)
4th issue (March 14, 2007)	25	25,000 shares of the Company's common stock	840,000	2,902,000	From February 28, 2009 to February 27, 2017	20 (5)	5 (1)
5th issue (August 27, 2007)	68	6,800 shares of the Company's common stock	325,900	100	From August 28, 2007 to August 27, 2037	49 (5)	19 (2)
6th issue (November 25, 2008)	350	35,000 shares of the Company's common stock	73,400	100	From November 26, 2008 to November 25, 2038	295 (7)	55 (1)
7th issue (August 10, 2009)	244	24,400 shares of the Company's common stock	140,800	100	From August 11, 2009 to August 10, 2039	214 (7)	30 (1)
8th issue (July 14, 2010)	275	27,500 shares of the Company's common stock	152,700	100	From July 15, 2010 to July 14, 2040	247 (7)	28 (1)
9th issue (March 19, 2012)	450	45,000 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	450 (8)	0 (0)
10th issue (August 23, 2012)	571	57,100 shares of the Company's common stock	172,600	100	From August 24, 2012 to August 23, 2042	571 (8)	0 (0)

Notes:

1. No stock acquisition rights have been granted to External Directors or External Corporate Auditors.
2. Stock acquisition rights held by Corporate Auditors were granted when these individuals were Directors or Officers.

(ii) Stock acquisition rights granted to employees, etc. as remuneration for duties performed during the fiscal year

The following stock acquisition rights were granted to Officers who do not concurrently serve as Directors.

Issue number (date of issue)	Number of stock acquisition rights	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Number of persons granted
10th issue (August 23, 2012)	512	51,200 shares of the Company's common stock	172,600	100	From August 24, 2012 to August 23, 2042	16

(iii) Other stock acquisition rights actually issued  
None

(3) Matters relating to Directors and Corporate Auditors

(i) Directors and Corporate Auditors (as of March 31, 2013)

Position	Name	Duties at the Company and important concurrent positions outside the Company
Director, President, Member of the Board	Makoto Kimura	Company's operations, Officer in charge of Business Development Headquarters
Director, Member of the Board (Executive Vice President & CFO)	Junichi Itoh	Assistant of President, Officer in charge of Corporate Planning Headquarters, Finance & Accounting Headquarters, Information Security Headquarters Chairman of Nikon Americas Inc. Chairman of Nikon Holdings Europe B.V. Chairman of Nikon Holdings Hong Kong Limited
Director, Member of the Board (Senior Executive Officer)	Kazuo Ushida	President of Precision Equipment Company, Officer in charge of Intellectual Property Headquarters Chairman of Nikon Precision Inc.
Director, Member of the Board (Executive Officer)	Toshiyuki Masai	President of Instruments Company
Director, Member of the Board (Executive Officer)	Yasuyuki Okamoto	President of Imaging Company
Director, Member of the Board (Executive Officer)	Norio Hashizume	General Manager of Finance & Accounting Headquarters President & CEO of Nikon Americas Inc. President of Nikon Holdings Europe B.V. President of Nikon Holdings Hong Kong Limited
Director, Member of the Board (Executive Officer)	Hiroshi Ohki	President of Core Technology Center
Director, Member of the Board (Executive Officer)	Kenichi Kanazawa	President of Business Administration Center, Officer in charge of Information System Headquarters General Manager of Information Security Headquarters
Director, Member of the Board	Kenji Matsuo	President, Representative Executive Officer and Director of Meiji Yasuda Life Insurance Company External Corporate Auditor of Chubu Electric Power Co., Inc. External Corporate Auditor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Director, Member of the Board	Koukei Higuchi	Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. External Director of NOHMI BOSAI LTD. External Corporate Auditor of Japan Airport Terminal Co., Ltd. External Corporate Auditor of Mitsubishi Research Institute, Inc.
Standing Corporate Auditor	Yoshimichi Kawai	External Director of Avaldata Corporation
Standing Corporate Auditor	Yoshiyuki Nagai	-
Corporate Auditor	Susumu Kani	Corporate Advisor of Mitsubishi Corporation
Corporate Auditor	Haruya Uehara	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation External Corporate Auditor of Mitsubishi Heavy Industries, 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.

\*

Notes:

1. indicates Representative Directors.
2. \* indicates Director newly elected at the 148th Annual General Shareholders' Meeting held on June 28, 2012.
3. Michio Kariya, Kyoichi Suwa and Masami Kumazawa are no longer Directors because their terms of office as Directors ended at the conclusion of the 148th Annual General Shareholders' Meeting held on June 28, 2012.
4. 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.

5. Susumu Kani, 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 three individuals as independent corporate auditors as stipulated in the Tokyo Stock Exchange, Inc. Securities Listing Regulations.
6. Standing Corporate Auditor Yoshimichi Kawai has served as an officer in charge of accounting at the Company and has considerable knowledge involving finance and accounting.
7. 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 Tokio Marine & Nichido Fire Insurance Co., Ltd. respectively. The Company has transactions with Mitsubishi Heavy Industries, Ltd. such as selling products, etc.

(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, 2013.

Position	Name	Duties
Executive Officer	Kunio Kawabata	Vice President of Precision Equipment Company
Executive Officer	Takaharu Honda	General Manager of Corporate Planning Headquarters, Officer in charge of Corporate Communications & IR Department
Executive Officer	Toshikazu Umatate	Vice President of Precision Equipment Company & General Manager of Semiconductor Equipment Division, Precision Equipment Company
Executive Officer	Tsuneo Kosaka	Vice President of Imaging Company & General Manager of Production Headquarters, Imaging Company
Operating Officer	Koji Morishita	Executive Assistant to the President
Operating Officer	Kazuyuki Kazami	General Manager of Business Development Headquarters
Operating Officer	Tsuneyoshi Kon	Vice President of Business Administration Center
Operating Officer	Nobuyoshi Gokyu	President & CEO of Nikon Inc.
Operating Officer	Tomohide Hamada	General Manager of LCD Equipment Division, Precision Equipment Company
Operating Officer	Masao Nakajima	General Manager of Production Headquarters, Semiconductor Equipment Division, Precision Equipment Company
Operating Officer	Osamu Shimoda	Deputy General Manager of Business Development Headquarters
Operating Officer	Toru Iwaoka	General Manager of Marketing Headquarters, Imaging Company
Operating Officer	Kenji Yoshikawa	Chairman & CEO of Nikon Metrology NV
Operating Officer	Atsumi Nakamura	General Manager of Business Planning Department & Bioscience Marketing Department, Instruments Company *
Operating Officer	Takumi Odajima	General Manager of Planning Headquarters, Precision Equipment Company *
Operating Officer	Jun Nagatsuka	General Manager of Production Technology Headquarters, Core Technology Center *

Note: \* indicates Operating Officers who were newly elected at the meeting of the Board of Directors on June 28, 2012 and assumed the position.

## (ii) Compensation for Directors and Corporate Auditors

Category	Monthly compensation		Stock acquisition rights 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)	13 (2)	310 (20)	8 (-)	98 (-)	8 (-)	102 (-)	13 (2)	510 (20)
Corporate Auditors (External Corporate Auditors out of all Corporate Auditors)	5 (3)	81 (30)	-	-	-	-	5 (3)	81 (30)
Total	18	391	8	98	8	102	18	592

## Notes:

1. The monthly compensation shown above includes the amount paid to three former Directors (excluding External Directors) whose terms of office ended at the conclusion of the 148th Annual General Shareholders' Meeting held on June 28, 2012.
2. The amount of stock acquisition rights granted as stock-related compensation in the above table indicates the amount of compensation, etc. concerning stock acquisition rights granted to Directors (excluding External Directors) in accordance with the resolution of the Board of Directors meeting held on August 8, 2012.
3. The amount of bonuses shown above represents the amount of provision for Directors' bonuses in the fiscal year under review, and the number of persons who received bonuses shows the number of Directors (excluding External Directors) at the end of the fiscal year under review.

## (iii) 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 20.

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 12	-
	Koukei Higuchi	10 of 12	-
Corporate Auditor	Susumu Kani	12 of 12	8 of 8
	Haruya Uehara	11 of 12	8 of 8
	Hiroshi Hataguchi	11 of 12	7 of 8

- 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.

c. 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.

(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	87 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	179 million yen

Notes:

1. Major overseas subsidiaries of the Company are audited (only companies 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).
2. In the auditing contract between the Company and Deloitte Touche Tohmatsu LLC, there is no separation of auditing remuneration for audits performed pursuant to the provisions of the Companies Act and for ones performed pursuant to the Financial Instruments and Exchange Act. Furthermore, there is no practical way to separate these amounts. As a result, the amounts shown above are the total for these two types of audits.
3. The Company has asked Deloitte Touche Tohmatsu LLC to provide a consulting service for introducing the International Financial Reporting Standards 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 with the approval of the Board of Corporate Auditors or in response to a request by the Board of Corporate Auditors.



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

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 company’s assets 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 a 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 Nikon Group’s basic stance on corporate social responsibility. Additionally, the “Nikon Code of Conduct” defines the standards of behavior to ensure sensible conduct by directors and employees, based on a high level of morality, pursuant to relevant laws and internal regulations.
  - 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 activities pertaining to CSR and corporate compliance.
  - c. Preparation and refinement of our corporate compliance framework are vigorously pursued, in order to prevent or correct behaviors that violate social rules or corporate ethics. The “Code of Conduct Hotline” has been created as the report/consultation system in this respect.
  - d. Internal Audit Department has been established as an independent organization reporting directly to the President. This Department examines whether operations within the Nikon Group are conducted in compliance with relevant laws and internal rules, and when necessary, makes recommendations as to how such operations can be improved.
  - e. 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.
- (ii) A framework to ensure an efficient performance of directors’ duties
  - a. The executive officer system provides a clear definition of the authority and responsibility in performance of an officer’s duty, resulting in quick decision-making as well as an efficient performance of the officer’s duty.
  - b. The “Rules of Organization and Authority” clearly defines the scope of authority and responsibility for each post as well as each organization, to ensure organized and efficient performance of duties.
  - c. The following organizations and meeting bodies are established to enable efficient decision-making and performance of duties by the directors:

The “Executive Committee,” primarily consisting 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. Depending upon its purpose, other organizations and meeting bodies such as the “Executive Meeting”, as well as other committees are established.

- d. In accordance with our corporate philosophy of “Trustworthiness & Creativity,” 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 our “internal company system”, an operation-based framework including subsidiaries engaged in the same business. 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 directors’ performance of their duties
- a. Information regarding resolutions, approvals, and reports pertaining to 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 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 Nikon Group and managed to coordinate and reinforce an information management framework within the Nikon 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 Nikon Group.
- (iv) A framework including rules concerning 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 Nikon 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.
  - c. A framework is in place whereby Internal Audit Department audits other departments about their risk management, evaluates their effectiveness, and reports to the Board through the representative director when necessary, so that corrective measures can be implemented.

- (v) A framework to ensure fairness of operations within Nikon Group, including parent companies and subsidiaries
- a. The “Authorization Standards for Subsidiaries” defines the scope of authority and responsibility for subsidiaries in Japan and abroad. Thorough control and guidance based on such standards are currently implemented.
  - b. The “Basic Policy on internal control over financial reporting” has been established to ensure credibility of financial reporting by Nikon Corporation or other entities belonging to Nikon Group. Systems to enable the foregoing are being developed and improved.
  - c. Audits of companies within Nikon Group are carried out by corporate auditors and outside auditors. Additionally, we will reinforce our internal audit department and expand the scope of audits.
  - d. In order to encourage ethical behavior at all levels in the area of corporate compliance within Nikon Group, standards such as the “Nikon Code of Conduct” have been established under the “Nikon CSR Charter”, a basic policy on corporate social responsibility for Nikon Group. Furthermore, regarding the reporting/consultation system concerning corporate compliance, various systems such as the “Code of Conduct Hotline” have been established and functioning.
- (vi) Implementation of matters concerning employees assisting corporate auditors based on such corporate auditor’s request, and matters concerning such employees’ independence from other officers
- a. Several employees are appointed as dedicated assistants to corporate auditors, in order to ensure an efficient procedure of the Corporate Auditors’ Meeting 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 corporate auditors, including reporting by directors or employees
- a. A 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.
  - b. A framework is developed to ensure prompt 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 Corporate Auditors’ Meeting 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 corporate auditors. The corporate auditors perform an effective audit in close cooperation with Internal Audit Department, by requesting, if necessary, further investigations by Internal Audit Department.

(viii) A framework to ensure effective audit by the corporate auditors

- a. While ensuring independence, this framework enables the corporate auditor to hold regular meetings with the representative director 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. Corporate auditors hold regular meetings with outside auditors, to actively exchange opinions and information.

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, 2013)

(Million yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>575,647</b>	<b>Current liabilities</b>	<b>299,186</b>
Cash and deposits	110,281	Notes and accounts payable-trade	124,676
Notes and accounts receivable-trade	134,225	Short-term loans payable	18,739
Merchandise and finished goods	116,504	Lease obligations	1,703
Work in process	119,760	Accrued expenses	54,505
Raw materials and supplies	33,147	Income taxes payable	1,395
Deferred tax assets	43,959	Advances received	50,799
Other	21,563	Provision for product warranties	8,096
Allowance for doubtful accounts	(3,795)	Other	39,270
<b>Noncurrent assets</b>	<b>289,371</b>	<b>Noncurrent liabilities</b>	<b>74,508</b>
<b>Property, plant and equipment</b>	<b>161,605</b>	Bonds payable	40,000
Buildings and structures, net	45,774	Long-term loans payable	22,600
Machinery, equipment and vehicles, net	57,551	Lease obligations	2,305
Land	15,025	Provision for retirement benefits	2,876
Lease assets, net	3,878	Asset retirement obligations	2,512
Construction in progress	15,935	Other	4,214
Other, net	23,439	<b>Total liabilities</b>	<b>373,695</b>
<b>Intangible assets</b>	<b>32,270</b>	<b>(Net assets)</b>	
Goodwill	4,443	<b>Shareholders' equity</b>	<b>479,076</b>
Other	27,826	Capital stock	65,475
<b>Investments and other assets</b>	<b>95,496</b>	Capital surplus	80,711
Investment securities	66,859	Retained earnings	345,692
Deferred tax assets	7,317	Treasury stock	(12,804)
Other	21,551	<b>Accumulated other comprehensive income</b>	<b>11,452</b>
Allowance for doubtful accounts	(231)	Valuation difference on available-for-sale securities	9,482
		Deferred gains or losses on hedges	(216)
		Foreign currency translation adjustments	2,187
		<b>Stock acquisition rights</b>	<b>795</b>
		<b>Total net assets</b>	<b>491,324</b>
<b>Total assets</b>	<b>865,019</b>	<b>Total liabilities and net assets</b>	<b>865,019</b>

**Consolidated Statements of Income**

**(From April 1, 2012 to March 31, 2013)**

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>1,010,493</b>
<b>Cost of sales</b>		<b>663,509</b>
<b>Gross profit</b>		<b>346,984</b>
Selling, general and administrative expenses		295,982
<b>Operating income</b>		<b>51,001</b>
<b>Non-operating income</b>		
Interest income	721	
Dividends income	1,347	
Equity in earnings of affiliates	2,462	
Other	3,317	7,849
<b>Non-operating expenses</b>		
Interest expenses	1,300	
Foreign exchange losses	7,300	
Other	1,905	10,506
<b>Ordinary income</b>		<b>48,344</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	302	
Gain on sales of investment securities	5,132	
Insurance income	8,864	14,299
<b>Extraordinary losses</b>		
Loss on sales of noncurrent assets	57	
Impairment loss	663	
Loss on sales of investment securities	31	
Loss on valuation of investment securities	35	788
<b>Income before income taxes</b>		<b>61,856</b>
Income taxes – current	12,081	
Income taxes – deferred	7,316	19,397
<b>Income before minority interests</b>		<b>42,459</b>
<b>Net income</b>		<b>42,459</b>

**Consolidated Statement of Changes in Net Assets**

**(From April 1, 2012 to March 31, 2013)**

(Million yen)

	Shareholders' equity				Total shareholders' equity
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	
Balance at April 1, 2012	65,475	80,711	319,823	(12,992)	453,017
Changes of items during the period					
Dividends from surplus			(8,327)		(8,327)
Dividends from surplus (interim dividends)			(7,534)		(7,534)
Net income			42,459		42,459
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock			(116)	195	78
Changes in the number of consolidated subsidiaries			(611)		(611)
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	-	25,869	188	26,058
Balance at March 31, 2013	65,475	80,711	345,692	(12,804)	479,076

	Accumulated other comprehensive income (loss)				Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income (loss)		
Balance at April 1, 2012	3,061	(1,592)	(21,474)	(20,005)	604	433,616
Changes of items during the period						
Dividends from surplus						(8,327)
Dividends from surplus (interim dividends)						(7,534)
Net income						42,459
Purchase of treasury stock						(6)
Disposal of treasury stock						78
Changes in the number of consolidated subsidiaries						(611)
Net changes of items other than shareholders' equity during the period	6,420	1,376	23,661	31,458	190	31,649
Total changes of items during the period	6,420	1,376	23,661	31,458	190	57,707
Balance at March 31, 2013	9,482	(216)	2,187	11,452	795	491,324

**Non-Consolidated Balance Sheet**

**(As of March 31, 2013)**

(Million yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>372,408</b>	<b>Current liabilities</b>	<b>245,642</b>
Cash and deposits	48,407	Notes payable-trade	529
Notes receivable -trade	7,227	Electronically recorded obligations-operating	4,490
Accounts receivable -trade	60,935	Accounts payable-trade	94,586
Finished goods	47,212	Short-term loans payable	13,600
Semi-finished goods	1,345	Current portion of long-term loans payable	5,000
Raw materials	61	Lease obligations	1,352
Work in process	106,643	Accounts payable - facilities	10,720
Supplies	13,791	Accrued expenses	24,988
Deferred tax assets	33,029	Income taxes payable	159
Short-term loans receivable from subsidiaries and affiliates	37,989	Advances received	44,795
Income taxes receivable	4,334	Suspense receipt by land expropriation	10,490
Accounts receivable-other	10,454	Deposits received	26,598
Other	1,012	Provision for product warranties	4,420
Allowance for doubtful accounts	(36)	Other	3,908
<b>Noncurrent assets</b>	<b>258,476</b>	<b>Noncurrent liabilities</b>	<b>66,874</b>
<b>Property, plant and equipment</b>	<b>73,106</b>	Bonds payable	40,000
Buildings, net	20,155	Long-term loans payable	22,600
Structures, net	775	Lease obligations	1,703
Machinery and equipment, net	21,837	Asset retirement obligations	1,559
Vehicles, net	122	Other	1,010
Tools, furniture and fixtures, net	5,798		
Land	9,872	<b>Total liabilities</b>	<b>312,516</b>
Lease assets, net	2,943		
Construction in progress	11,602	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>24,068</b>	<b>Shareholders' equity</b>	<b>308,362</b>
Patents rights	5,289	<b>Capital stock</b>	<b>65,475</b>
Leasehold right	4	<b>Capital surplus</b>	<b>80,711</b>
Right of trademark	15	Legal capital surplus	80,711
Right of using facilities	85	<b>Retained earnings</b>	<b>174,979</b>
Software	18,673	Legal retained earnings	5,565
		Other retained earnings	169,414
<b>Investments and other assets</b>	<b>161,301</b>	Reserve for special depreciation	15
Investment securities	54,441	Reserve for research and development	2,056
Stocks of subsidiaries and affiliates	48,280	Reserve for reduction entry of replaced property	4,751
Investments in capital	1	Reserve for reduction entry	13
Investments in capital of subsidiaries and affiliates	14,918	General reserve	111,211
Long-term loans receivable from subsidiaries and affiliates	18,607	Retained earnings brought forward	51,367
Long-term loans receivable from employees	7	<b>Treasury stock</b>	<b>(12,804)</b>
Long-term prepaid expenses	820	<b>Valuation and translation adjustments</b>	<b>9,210</b>
Prepaid pension cost	12,516	Valuation difference on available-for-sale securities	9,460
Deferred tax assets	8,411	Deferred gains or losses on hedges	(250)
Other	3,304	<b>Stock acquisition rights</b>	<b>795</b>
Allowance for doubtful accounts	(9)		
<b>Total assets</b>	<b>630,885</b>	<b>Total net assets</b>	<b>318,369</b>
		<b>Total liabilities and net assets</b>	<b>630,885</b>



**Non-Consolidated Statements of Income****(From April 1, 2012 to March 31, 2013)**

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>749,198</b>
<b>Cost of sales</b>		<b>594,186</b>
<b>Gross profit</b>		<b>155,012</b>
Selling, general and administrative expenses		138,384
<b>Operating income</b>		<b>16,628</b>
<b>Non-operating income</b>		
Interest and dividends income	9,217	
Other	4,503	13,721
<b>Non-operating expenses</b>		
Interest expenses	1,002	
Other	9,170	10,172
<b>Ordinary income</b>		<b>20,176</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	270	
Gain on sales of investment securities	5,132	5,403
<b>Extraordinary losses</b>		
Loss on sales of noncurrent assets	0	
Impairment loss	541	
Loss on sales of investment securities	31	
Loss on valuation of investment securities	35	609
<b>Income before income taxes</b>		<b>24,970</b>
Income taxes – current	713	
Income taxes – deferred	4,075	4,788
<b>Net income</b>		<b>20,182</b>

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2012 to March 31, 2013)

(Million yen)

	Shareholders' equity										
	Capital stock	Capital surplus		Retained earnings						Treasury stock	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings							
				Reserve for special depreciation	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, 2012	65,475	80,711	5,565	22	2,056	5,072	18	111,211	46,828	(12,992)	303,969
Changes of items during the period											
Reversal of reserve for special depreciation				(7)					7		-
Provision of reserve for reduction entry of replaced property						42			(42)		-
Reversal of reserve for reduction entry of replaced property						(364)			364		-
Provision of reserve for reduction entry											-
Reversal of reserve for reduction entry							(5)		5		-
Dividends from surplus									(8,327)		(8,327)
Dividends from surplus (interim dividends)									(7,534)		(7,534)
Net income									20,182		20,182
Purchase of treasury stock										(6)	(6)
Disposal of treasury stock									(116)	195	78
Net changes of items other than shareholders' equity during the period											
Total changes of items during the period	-	-	-	(7)	-	(321)	(5)	-	4,538	188	4,393
Balance at March 31, 2013	65,475	80,711	5,565	15	2,056	4,751	13	111,211	51,367	(12,804)	308,362

	Valuation and translation adjustments			Stock acquisition rights	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, 2012	3,047	(1,626)	1,421	604	305,995
Changes of items during the period					
Reversal of reserve for special depreciation					-
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 from surplus					(8,327)
Dividends from surplus (interim dividends)					(7,534)
Net income					20,182
Purchase of treasury stock					(6)
Disposal of treasury stock					78
Net changes of items other than shareholders' equity during the period	6,413	1,376	7,789	190	7,980
Total changes of items during the period	6,413	1,376	7,789	190	12,373
Balance at March 31, 2013	9,460	(250)	9,210	795	318,369

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

## INDEPENDENT AUDITOR'S REPORT

May 7, 2013

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

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

Kinya Suzuki (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)

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, 2013 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, 2012 to March 31, 2013, 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, 2013, 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 7, 2013

To the Board of Directors of  
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

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

Kinya Suzuki (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)

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, 2013 of NIKON CORPORATION (the "Company"), and the related statements of income and changes in net assets for the 149th fiscal year from April 1, 2012 to March 31, 2013, 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, 2013, 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.

## **Audit Report**

With respect to the performance of duties of the Directors of the Company during the 149th fiscal year from April 1, 2012 to March 31, 2013, 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

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.

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, 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. Also, 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 development of 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 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 joint stock company, 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. With respect to the subsidiaries, each Corporate Auditor endeavored to facilitate a mutual understanding and exchanged information with the Directors and Corporate Auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary. Based on the above-described methods, each Corporate Auditor examined the business report and annexed detailed statements for the fiscal year.

In addition, 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 financial statements (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and annexed detailed statements thereto, as well as the consolidated financial statements (consolidated balance sheet,

consolidated statement of income, consolidated statement of changes in net assets and notes to consolidated financial statements), 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 Directors' performance of their duties concerning the internal control systems, including the internal controls over financial reporting.

### (2) 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.

### (3) 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.

May 8, 2013

#### Board of Corporate Auditors of NIKON CORPORATION

Standing Corporate Auditor:	Yoshimichi Kawai	(seal)
Standing Corporate Auditor:	Yoshiyuki Nagai	(seal)
Corporate Auditor:	Susumu Kani	(seal)
Corporate Auditor:	Haruya Uehara	(seal)
Corporate Auditor:	Hiroshi Hataguchi	(seal)

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