

This is a partial translation of the original Japanese “Notice of the 148th 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 7, 2012

NIKON CORPORATION

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

Dear Shareholder,

### **Notice of the 148th Annual General Shareholders’ Meeting**

You are cordially invited to attend our 148th Annual General Shareholders’ Meeting to be held as outlined below.

If you are unable to attend the meeting, you may exercise your voting rights either by mail or by electromagnetic methods. Please examine the Reference Materials of the General Shareholders’ Meeting contained herein before exercising your voting rights.

#### **Voting by mail**

Please indicate your approval or disapproval for each of the proposals on the enclosed voting form, then sign and return it to the Company by 5:00 p.m. on June 27, 2012 (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 electromagnetic methods by 5:00 p.m. on June 27, 2012 (Wednesday), after referring to the “Electromagnetic Voting Procedures” (in Japanese only).

#### **Treatment of cases when voting rights are exercised multiple times**

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.

Sincerely yours,

Makoto Kimura  
President, Member of the Board

**1. Date & Time:** 10:00 a.m., June 28, 2012 (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 148th term (April 1, 2011, to March 31, 2012)
2. Non-Consolidated Financial Statements for the 148th term (April 1, 2011, to March 31, 2012)

**Matters to be resolved**

**Item 1:** Appropriation of Surplus

**Item 2:** Partial Amendments to the Articles of Incorporation

**Item 3:** Appointment of Ten Directors

**Item 4:** Appointment of Two Corporate Auditors

**Item 5:** Payment of Bonuses to Directors

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- \* 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, you may attend the Annual General Shareholders' Meeting by proxy, which shall mean appointing one other shareholder with voting rights to act on your behalf. The proxy will be asked to submit a statement in writing attesting to his or her appointment as proxy.
  - \* Pursuant to the relevant laws and regulations and the provision 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 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 published on the Company's website.  
The Company's website: [http://www.nikon.co.jp/ir/stock\\_info/meeting/index.htm](http://www.nikon.co.jp/ir/stock_info/meeting/index.htm)
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(Attached documents)

## Business Report

(From April 1, 2011 to March 31, 2012)

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

#### (1) Results of Operations

##### (i) Review of Operations

During the consolidated fiscal year ended March 31, 2012, the economy was on an upward trend in Asia, particularly in China, but the debt crisis of European governments caused a slowdown of the economic recovery in the United States and Europe. Meanwhile, the Japanese economy was badly affected by the effects of the global business downturn, strong yen and floods in Thailand in addition to the impact of the Great East Japan Earthquake.

Capital investment by manufacturers remained strong in both semiconductor-related and liquid crystal panel-related markets of the Precision Equipment Business. In the Imaging Products Business, although the interchangeable lens type digital camera market expanded in all regions outside Japan, floods in Thailand in the second half of the fiscal year caused a slowdown in product supply for some manufacturers including the Group, and the compact digital camera market shrank in all regions except Asia. Furthermore, in the Instruments Business, the bioscience-related market faced a challenging environment, while industrial instruments-related markets remained on a par with the previous fiscal year.

Under these circumstances, the Group worked to quickly restart and reinforce its supply chain after the Great East Japan Earthquake, and was able to restore product supply during the first half of the fiscal year while also implementing reductions in electric power use. In addition, despite the floods in Thailand that led to submersion at Nikon (Thailand) Co., Ltd. and forced suspension of operations in October of last year, operations resumed in January of this year, approximately one month after water drainage was completed. By the end of March, with the cooperation of partner factories, the Group succeeded in returning its production volume to the normal level.

Furthermore, as the Group is striving to improve its corporate structure for main businesses through such efforts as shortening manufacturing lead times and cutting costs as well as devoting efforts to the creation of new businesses while working to generate markets through new products, cultivating markets in emerging countries, launching products that accurately meet market needs, and increasing the speed and strengthening the coordination of its business processes.

As a result of the foregoing, net sales for the consolidated fiscal year increased by 31,138 million yen (3.5%) year on year to 918,651 million yen, operating income climbed by 26,027 million yen (48.2%) year on year to 80,080 million yen, ordinary income was up 33,571 million yen (60.2%) year on year to 89,383 million yen, resulting in net income of 59,305 million yen, an increase of 31,993 million yen (117.1%) year on year.

Performance by business segment is as follows.

**a. Precision Equipment Business**

Of the markets related to the business, both semiconductor-related and liquid crystal panel-related markets saw ongoing strong capital investment made by manufacturers.

Amid this situation, the Group strove to expand sales in the IC steppers and scanners field, focusing on the NSR-S620D ArF immersion scanner compatible with double patterning. Shipments also commenced for the new product NSR-S621D which has even greater precision and productivity.

In the LCD steppers and scanners field, sales were steady for devices used for mid-to-small size high definition displays optimal for mass production of smart-phone/tablet terminals, etc. The Group also focused its efforts on the development of new products, and began shipments of products including the FX-66S with a multi-lens system 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.

As a result of the foregoing, net sales increased by 18.9% from the previous fiscal year to 248,145 million yen, with operating income posted at 42,723 million yen.

**b. Imaging Products Business**

Of the markets related to the business, the interchangeable lens type digital camera market shrank in Japan, partly due to the effect of the earthquake, but the market expanded in the United States, Europe, and Asia. Meanwhile, the compact digital camera market shrank in all regions except Asia.

Amid this situation, the sales volume of Digital camera—Interchangeable Lens Type exceeded the level of the previous fiscal year thanks to positive results in the first half of the fiscal year, offsetting lower production levels of digital single-lens reflex (SLR) cameras in the wake of Thai floods in the latter half, in addition to robust performance of the Nikon 1 series launched in October of last year. In addition, the next-generation flagship camera D4 and the D800 with its overwhelmingly high definition and advanced image quality were launched to great acclaim in March of this year.

Amid a shrinking compact digital camera market, the Group achieved record high sales volume exceeding previous years by a wide margin and winning top share of the European market for the fiscal year, as a result of strong performance by the P/S series including the high performance model COOLPIX P7100, slim model COOLPIX S6200 and COOLPIX S3100.

Sales of interchangeable lenses grew steadily, and the cumulative production of NIKKOR lenses reached 65 million units in October of last year.

Moreover, the Group pressed ahead with the cultivation of markets in emerging countries, establishing the sales subsidiary Nikon Middle East FZE in Dubai, United Arab Emirates, to strengthen the sales and service system in the Middle East, Africa, and West and South Asia.

As a result of the foregoing compounded by effects of a strong yen, net sales decreased by 1.6% from the previous fiscal year to 587,127 million yen, with operating income posted at 53,971 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 deferred government budget implementation in the United States, Europe, and others. In the industrial instruments-related markets, although capital investment related to smart-phone/tablet terminals was robust, the markets were affected by restraint in capital investment related to semiconductors and electronic components.

Under these circumstances, the Group strove to expand sales in the bioscience business by introducing new items that will become core products, such as the ECLIPSE Ni/Ci series of upright biological microscopes that are widely used in research and clinical fields, in addition to system products targeting the cutting-edge research fields.

In the industrial instruments business, the Group worked to expand sales of existing products such as measuring microscopes, as well as focusing its efforts on development and sales of non-contact 3D metrology devices including X-ray devices.

As a result of the foregoing, net sales decreased by 2.5% from the previous fiscal year to 56,000 million yen, while operating loss was 3,166 million yen.

**d. Other Businesses**

In the customized products business, the Group strived to expand sales of space-related products and solid-state lasers, and saw significant growth in sales. In the Glass Business, the Group made efforts to expand sales of LCD photomask substrates and optical components.

As a result of the foregoing, net sales of these businesses increased by 11.7% from the previous fiscal year to 27,379 million yen, with operating income reaching 4,180 million yen.

Notes:

1. As a result of revising the Group's method of performance management with respect to results of operating expenses in the fiscal year, some research and development expenses and expenses relating to the provision of services, which are related to basic research and headquarters functions, are excluded from expenses for the respective businesses. Such change increased operating income from the Precision Equipment Business, the Imaging Products Business, the Instruments Business and Other Businesses in the fiscal year by 6,306 million yen, 10,103 million yen, 1,314 million yen and 570 million yen respectively. However, this change has no influence on the consolidated sales, the consolidated operating income and sales in the respective businesses.
2. Business segment operating income includes earnings from transactions within the Group.
3. From the fiscal year under review, "digital SLR cameras" and "Advanced camera—Interchangeable Lens Type" are collectively referred to as "Digital camera—Interchangeable Lens Type."
4. From the fiscal year under review, the sport optics products business, formerly included in "Other Businesses," was transferred to the "Imaging Products Business." Due to this change, the results of the previous fiscal year were recalculated in accordance with the revised business segmentation so as to make a year-on-year comparison of the results of the Imaging Products Business and Other Businesses.

**Business Segment Sales for 148th term (Year Ended March 31, 2012)**

Business segment	Net sales (million yen)	Percentage of total sales (%)	Change from previous year (%)
Precision Equipment Business	248,145	27.0	18.9
Imaging Products Business	587,127	63.9	(1.6)
Instruments Business	56,000	6.1	(2.5)
Other Businesses	27,379	3.0	11.7
<b>Total</b>	<b>918,651</b>	<b>100.0</b>	<b>3.5</b>

(ii) Capital Investments

Fiscal year capital investments totaled 55,914 million yen. The amounts of investment by business were 7,341 million yen in the Precision Equipment Business, 33,298 million yen in the Imaging Products Business, 1,233 million yen in the Instruments Business, and 9,058 million yen for Other Businesses. Major capital investments in the fiscal year included substitution of manufacturing equipment at a manufacturing subsidiary in the Imaging Products Business, Nikon (Thailand) Co., Ltd., in connection with flood damage and additional equipment for the development and manufacturing of cutting-edge steppers and scanners in the Precision Equipment 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, an increase of 1,140 million yen compared to 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	145th term (Year ended March 31, 2009)	146th term (Year ended March 31, 2010)	147th term (Year ended March 31, 2011)	148th term (Year ended March 31, 2012)
Net sales (million yen)	879,719	785,498	887,512	918,651
Ordinary income (loss) (million yen)	47,689	(15,334)	55,811	89,383
Net income (loss) (million yen)	28,055	(12,615)	27,312	59,305
Net income (loss) per share (yen)	70.76	(31.82)	68.90	149.57
Total assets (million yen)	749,805	740,632	829,909	860,230
Net assets (million yen)	379,086	372,069	389,220	433,616

### (ii) The Company

Item	145th term (Year ended March 31, 2009)	146th term (Year ended March 31, 2010)	147th term (Year ended March 31, 2011)	148th term (Year ended March 31, 2012)
Net sales (million yen)	663,945	572,972	677,661	688,781
Ordinary income (loss) (million yen)	28,478	(35,360)	25,303	48,575
Net income (loss) (million yen)	16,364	(19,367)	12,879	29,318
Net income (loss) per share (yen)	41.27	(48.86)	32.49	73.94
Total assets (million yen)	609,819	590,166	655,760	662,603
Net assets (million yen)	297,425	283,802	291,018	305,995

(3) Major parent company and subsidiaries

(i) Relationship with parent company

None

(ii) Major subsidiaries

Company name	Capital stock	Percentage of equity participation (%)	Main business
TOCHIGI NIKON PRECISION CO., LTD.	425 million yen	100.0	Manufacture of Precision Equipment Business products and parts
MIYAGI NIKON PRECISION CO., LTD.	200 million yen	100.0	Manufacture of Precision Equipment Business products and parts
TOCHIGI NIKON CORPORATION	363 million yen	100.0	Manufacture of Imaging Products Business products
SENDAI NIKON CORPORATION	480 million yen	100.0	Manufacture of Imaging Products Business products
NIKON IMAGING JAPAN INC.	400 million yen	100.0	Sales in Japan of Imaging Products Business products
NIKON INSTECH CO., LTD.	417 million yen	100.0	Sales in Japan of Instruments Business products
Nikon Precision Inc.	1,000 US dollars	*100.0	Sales in the US and Europe of Precision Equipment Business products
Nikon (Thailand) Co., Ltd.	1 billion bahts	100.0	Manufacture of Imaging Products Business products
Nikon Imaging (China) Co., Ltd.	32 million US dollars	*100.0	Manufacture of Imaging Products Business products
Nikon Inc.	1,000 US dollars	*100.0	Sales in the Americas of Imaging Products Business products
Nikon Europe B.V.	1 million euros	*100.0	Sales in Europe of Imaging Products Business products
Nikon Hong Kong Ltd.	78,130,000 HK dollars	*100.0	Sales in Asia of Imaging Products Business products
Nikon Imaging (China) Sales Co., Ltd.	10 million US dollars	*100.0	Sales in China of Imaging Products 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, the Precision Equipment Business is expected to be affected by rapidly constricting capital investment by manufacturers in the semiconductor market and liquid crystal panel market. In the Instruments Business, the outlook for the bioscience market and industrial instruments market is expected to remain uncertain. In the Imaging Products Business, however, the digital camera market is predicted to continue growing.

Under these circumstances, the Nikon Group will endeavor to expand its main businesses and improve profitability through the timely market launch of competitive products that can offer new value, while broadening the scope of the Nikon Brand by cultivating new businesses using Nikon's core technologies in fields such as health and medicine. In addition, the Group will strive to optimize the overall business process by strengthening coordination among the business functions, create a corporate structure capable of dealing with environmental changes with flexibility and a sense of speed, and deploy its business activities globally with constant attention to CSR. Furthermore, the Group will make efforts to further reinforce the risk-management system, while endeavoring to minimize damage in a disaster.

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

(5) Main Business (as of March 31, 2012)

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	Bioscience microscopes, industrial microscopes, measuring instruments, semiconductor inspection equipment
Other Businesses	Customized products, LCD photomask substrates

Notes:

1. From the fiscal year under review, “digital SLR cameras” and “Advanced camera—Interchangeable Lens Type” are collectively referred to as “Digital camera—Interchangeable Lens Type.”
2. From the fiscal year under review, the sport optics products business, formerly included in “Other Businesses,” was transferred to the “Imaging Products Business.”

(6) Major offices and factories (as of March 31, 2012)

NIKON CORPORATION

Head office (Tokyo), Ohi Plant (Tokyo), Yokohama Plant (Kanagawa prefecture), Sagami-hara Plant (Kanagawa prefecture), Kumagaya Plant (Saitama prefecture), Mito Plant (Ibaraki prefecture), Yokosuka Plant (Kanagawa prefecture)

TOCHIGI NIKON PRECISION CO., LTD. (Tochigi prefecture)

MIYAGI NIKON PRECISION CO., LTD. (Miyagi prefecture)

TOCHIGI NIKON CORPORATION (Tochigi prefecture)

SENDAI NIKON CORPORATION (Miyagi prefecture)

NIKON IMAGING JAPAN INC. (Tokyo)

NIKON INSTECH CO., LTD. (Tokyo)

Nikon Precision Inc. (Belmont, California, US)

Nikon (Thailand) Co., Ltd. (Ayutthaya province, Thailand)

Nikon Imaging (China) Co., Ltd. (Wuxi, Jiangsu province, China)

Nikon Inc. (Melville, New York, US)

Nikon Europe B.V. (Amsterdam, Netherlands)

Nikon Hong Kong Ltd. (Hong Kong, China)

Nikon Imaging (China) Sales Co., Ltd. (Shanghai, China)

Note: As a result of reorganization of the Yokosuka Branch which belonged to the Yokohama Plant on March 1, 2012, the Yokosuka Plant was newly established.

(7) Employees (as of March 31, 2012)

(i) Employees of the Group

Number of employees	Change from the end of the previous consolidated fiscal year
24,348	down 61

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
6,549	up 50	43.6	19.4

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

(8) Major lenders (as of March 31, 2012)

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, 2012)

- (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: 22,600
- (v) Major shareholders:

Name of Shareholder	Number of shares held (thousand shares)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	30,063	7.6
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,851	7.5
JPMorgan Chase Bank 380055	23,825	6.0
Meiji Yasuda Life Insurance Company	20,565	5.2
State Street Bank and Trust Company	19,222	4.8
Mitsubishi UFJ Trust and Banking Corporation	9,134	2.3
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	7,706	1.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7,378	1.9

Note: The percentage of total shares issued is calculated after deducting treasury stock of 4,342,128 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, 2012)

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)	34	34,000 shares of the Company's common stock	Gratis issue	1,225,000	From June 30, 2006 to June 29, 2014	34 (4)	0 (0)
3rd issue (July 1, 2005)	77	77,000 shares of the Company's common stock	Gratis issue	1,273,000	From June 30, 2007 to June 29, 2015	67 (8)	10 (1)
4th issue (March 14, 2007)	44	44,000 shares of the Company's common stock	840,000	2,902,000	From February 28, 2009 to February 27, 2017	39 (8)	5 (1)
5th issue (August 27, 2007)	137	13,700 shares of the Company's common stock	325,900	100	From August 28, 2007 to August 27, 2037	118 (8)	19 (2)
6th issue (November 25, 2008)	636	63,600 shares of the Company's common stock	73,400	100	From November 26, 2008 to November 25, 2038	581 (9)	55 (1)
7th issue (August 10, 2009)	397	39,700 shares of the Company's common stock	140,800	100	From August 11, 2009 to August 10, 2039	367 (9)	30 (1)
8th issue (July 14, 2010)	418	41,800 shares of the Company's common stock	152,700	100	From July 15, 2010 to July 14, 2040	390 (9)	28 (1)
9th issue (March 19, 2012)	635	63,500 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	635 (10)	0 (0)

Notes:

- No stock acquisition rights have been granted to External Directors or External Corporate Auditors.
  - 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 delivered
9th issue (March 19, 2012)	362	36,200 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	14

- (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, 2012)

	Position	Name	Duties at the Company and important concurrent position outside the Company	
※	Director, Chairman of the Board	Michio Kariya	In charge of items related to Group's management policies and Company's operations External director of JSR Corporation	
※	Director, President, Member of the Board	Makoto Kimura	Company's operations, in charge of Business Development Headquarters	
※	Director, Member of the Board & CFO (Executive Vice President)	Junichi Itoh	Assistant of President, in charge of Corporate Planning Headquarters, Finance & Accounting Headquarters Chairman of Nikon Americas Inc. Chairman of Nikon Holdings Europe B.V.	*
	Director, Member of the Board (Senior Executive Officer)	Kyoichi Suwa	President of Core Technology Center	
	Director, Member of the Board (Senior Executive Officer)	Kazuo Ushida	President of Precision Equipment Company, in charge of Intellectual Property Headquarters Chairman of Nikon Precision Inc.	
	Director, Member of the Board (Executive Officer)	Masami Kumazawa	General Manager of Intellectual Property Headquarters, in charge of Information System Headquarters	
	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 of Nikon Holdings Hong Kong Limited	
	Director, Member of the Board (Operating Officer)	Kenichi Kanazawa	President of Business Administration Center	*
	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, 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, Mitsubishi Corporation	
	Corporate Auditor	Haruya Uehara	Chairman 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.	*

Notes:

1. ※ indicates Representative directors.
2. \* indicates Directors and Corporate Auditors newly elected at the 147th Annual General Shareholders' Meeting held on June 29, 2011.
3. Ichiro Terato and Yoshimichi Kawai are no longer Directors because their terms of office as Directors ended at the conclusion of the 147th Annual General Shareholders' Meeting held on June 29, 2011.
4. Mamoru Kajiwara is no longer a Corporate Auditor because he resigned at the conclusion of the 147th Annual General Shareholders' Meeting held on June 29, 2011. Toyoshi Nakano and Masatoshi Kamijo are no longer Corporate Auditors because their terms of office as Corporate Auditors ended at the conclusion of the said meeting.
5. 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.

6. 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.
7. 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.
8. The Company has loans from Meiji Yasuda Life Insurance Company, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Trust and Banking Corporation. In addition, the Company pays insurance premiums to Meiji Yasuda Life Insurance Company and Tokio Marine & Nichido Fire Insurance Co., Ltd. respectively in accordance with insurance contracts. The Company has transactions with Mitsubishi Heavy Industries, Ltd. such as selling products, etc.
9. As of April 1, 2012, Haruya Uehara retired as director and chairman of Mitsubishi UFJ Trust and Banking Corporation and assumed the office of senior advisor at the bank.

(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, 2012.

Position	Name	Duties
Executive Officer	Kunio Kawabata	Vice President of Precision Equipment Company & General Manager of LCD Equipment Division, Precision Equipment Company
Executive Officer	Hiroshi Ohki	Vice President of Core Technology Center & General Manager of Research & Development Headquarters, Core Technology Center
Executive Officer	Takaharu Honda	General Manager of Corporate Planning, in charge of Corporate Communications & IR Department
Operating Officer	Koji Morishita	Executive Assistant to the President
Operating Officer	Toshikazu Umatate	Vice President of Precision Equipment Company & General Manager of Sales Headquarters, Precision Equipment Company
Operating Officer	Tsuneo Kosaka	General Manager of Production Headquarters, Imaging Company
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, Nikon Inc.
Operating Officer	Tomohide Hamada	General Manager of 2nd Development Department, LCD Equipment Division, Precision Equipment Company
Operating Officer	Masao Nakajima	General Manager of Production Headquarters, 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, Nikon Metrology NV

Note: Toru Iwaoka and Kenji Yoshikawa were named as new Operating Officers by the Board of Directors on June 29, 2011.

(ii) Compensation for Directors and Corporate Auditors

a. Compensation for Directors and Corporate Auditors for fiscal year ended March 31, 2012

Position	Number of officers	Amount of compensation
Directors	14	619 million yen
(External Directors out of all Directors)	(2)	(18 million yen)
Corporate auditors (External Corporate Auditors out of all Corporate Auditors)	8 (5)	76 million yen (28 million yen)
Total	22	696 million yen

Notes:

1. The number of individuals who received compensation shown above includes two former Directors (excluding External Directors) and three Corporate Auditors (including two External Corporate Auditors) whose terms of office ended at the conclusion of the 147th Annual General Shareholders' Meeting held on June 29, 2011.
2. Compensation in the above table includes 129 million yen for compensation associated with stock acquisition rights granted as stock-related compensation to 10 Directors (excluding External Directors) based on a resolution by the Board of Directors held on March 2, 2012 and 131 million yen as provision for officers' bonuses payable to 10 Directors (excluding External Directors) for the 148th fiscal year.

b. Fiscal year compensation for Directors and Corporate Auditors

- The total amount of retirement benefits paid to retiring officers and retirement benefits planned to be finally paid at the time of retirement of the incumbent officers under the resolution, "Presentation of Retirement Benefits to Retiring Directors and Corporate Auditors and Final Payment of Retirement Benefits upon Abolition of Retirement Benefits Plan for Directors and Corporate Auditors" made at the 147th Annual General Shareholders' Meeting held on June 29, 2011 is 16.81 million yen for 12 Directors (including 1.00 million yen for two External Directors) and 3.02 million yen for five Corporate Auditors (including 1.50 million yen for three External Corporate Auditors). This amount does not include provisions listed in previous fiscal year business reports for the provision for directors' retirement benefits.
- The total amount of bonuses paid for the 147th fiscal year under the resolution, "Payment of Bonuses to Directors" made at the 147th Annual General Shareholders' Meeting held on June 29, 2011 is 164.22 million yen for 10 Directors (excluding External Directors).



(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.

b. Major activities during the fiscal year

• Attendance at meetings of the Board of Directors

Name		Number of meetings held and meetings attended
Director	Kenji Matsuo	12 of 12
Director	Koukei Higuchi	10 of 12
Corporate Auditor	Susumu Kani	12 of 12
Corporate Auditor	Haruya Uehara	7 of 9
Corporate Auditor	Hiroshi Hataguchi	9 of 9

Note: For corporate auditors Haruya Uehara and Hiroshi Hataguchi, the numbers of meetings attended and held are for the period beginning with their election as new Corporate Auditors at the 147th Annual General Shareholders' Meeting held on June 29, 2011.

• Attendance at meetings of the Board of Corporate Auditors

Name		Number of meetings held and meetings attended
Corporate Auditor	Susumu Kani	8 of 8
Corporate Auditor	Haruya Uehara	5 of 6
Corporate Auditor	Hiroshi Hataguchi	6 of 6

Note: For corporate auditors Haruya Uehara and Hiroshi Hataguchi, the numbers of meetings attended and held are for the period beginning with their election as new Corporate Auditors at the 147th Annual General Shareholders' Meeting held on June 29, 2011.

• Participation in meetings of Board of Directors and Corporate Auditors

Each of the External Directors used their extensive knowledge of management to submit extensive advice and many questions from a perspective independent of the business execution concerning matters under consideration 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 submit 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 submitted many questions and stated their opinions in order to achieve highly effective audits.

c. Outline of contents of liability limitation agreement

The Company has signed contracts 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 contracts 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	163 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, 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, dedicated departments integrate and promote 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. An internal audit department has been created 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. Internal regulations provide that our company’s information are protected, specifically by defining the access level per category and relevance, by password control, as well as by providing measures for preventing leaks, manipulations, and destructions of proprietary information. An information management framework has been coordinated and reinforced for the purpose of protecting all company information resources, and for promoting fair and effective performance of duties. Based on this framework, a complete preservation and control of information by employees and directors is pursued.
- (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 the 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. The internal audit department reports the status of internal audit as well as the results of the audit to the corporate auditor will carry out effective audits in cooperation with the internal audit department. The corporate auditor performs an effective audit in close cooperation with the internal audit department, by requesting, if necessary, further investigations by the 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, 2012)

(Million yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>609,474</b>	<b>Current liabilities</b>	<b>342,009</b>
Cash and deposits	132,404	Notes and accounts payable-trade	155,338
Notes and accounts receivable-trade	137,533	Short-term loans payable	18,350
Merchandise and finished goods	118,899	Lease obligations	2,163
Work in process	112,143	Accrued expenses	54,751
Raw materials and supplies	31,991	Income taxes payable	15,076
Deferred tax assets	47,110	Advances received	54,214
Other	34,061	Provision for product warranties	7,594
Allowance for doubtful accounts	(4,667)	Other	34,519
<b>Noncurrent assets</b>	<b>250,755</b>	<b>Noncurrent liabilities</b>	<b>84,604</b>
<b>Property, plant and equipment</b>	<b>130,943</b>	Bonds payable	40,000
Buildings and structures, net	37,807	Long-term loans payable	22,900
Machinery, equipment and vehicles, net	35,200	Lease obligations	2,953
Land	14,609	Provision for retirement benefits	3,700
Lease assets, net	4,901	Asset retirement obligations	2,365
Construction in progress	23,809	Other	12,684
Other, net	14,615		
		<b>Total liabilities</b>	<b>426,613</b>
<b>Intangible assets</b>	<b>33,085</b>	<b>(Net assets)</b>	
Goodwill	5,157	<b>Shareholders' equity</b>	<b>453,017</b>
Other	27,927	Capital stock	65,475
<b>Investments and other assets</b>	<b>86,727</b>	Capital surplus	80,711
Investment securities	55,355	Retained earnings	319,823
Deferred tax assets	13,293	Treasury stock	(12,992)
Other	18,284	<b>Accumulated other comprehensive income</b>	<b>(20,005)</b>
Allowance for doubtful accounts	(207)	Valuation difference on available-for-sale securities	3,061
		Deferred gains or losses on hedges	(1,592)
		Foreign currency translation adjustments	(21,474)
		<b>Stock acquisition rights</b>	<b>604</b>
		<b>Total net assets</b>	<b>433,616</b>
<b>Total assets</b>	<b>860,230</b>	<b>Total liabilities and net assets</b>	<b>860,230</b>

**Consolidated Statement of Income**

(From April 1, 2011 to March 31, 2012)

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>918,651</b>
<b>Cost of sales</b>		<b>567,000</b>
<b>Gross profit</b>		<b>351,651</b>
Selling, general and administrative expenses		271,570
<b>Operating income</b>		<b>80,080</b>
<b>Non-operating income</b>		
Interest income	941	
Dividends income	1,130	
Foreign exchange gains	4,079	
Equity in earnings of affiliates	1,535	
Other	4,230	11,917
<b>Non-operating expenses</b>		
Interest expenses	1,037	
Other	1,576	2,614
<b>Ordinary income</b>		<b>89,383</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	159	
Gain on sales of investment securities	65	
Insurance income	15,920	16,144
<b>Extraordinary losses</b>		
Loss on retirement of noncurrent assets	250	
Loss on sales of noncurrent assets	4	
Impairment loss	6,502	
Loss on sales of investment securities	96	
Loss on valuation of investment securities	0	
Loss on disaster	12,505	19,360
<b>Income before income taxes</b>		<b>86,168</b>
Income taxes – current	26,627	
Income taxes – deferred	235	26,862
<b>Income before minority interests</b>		<b>59,305</b>
<b>Net income</b>		<b>59,305</b>



## Consolidated Statement of Changes in Net Assets

(From April 1, 2011 to March 31, 2012)

(Million yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	65,475	80,711	272,227	(13,173)	405,241
Changes of items during the period					
Dividends from surplus			(5,550)		(5,550)
Dividend from surplus (interim dividends)			(6,740)		(6,740)
Net income			59,305		59,305
Purchase of treasury stock				(6)	(6)
Disposal of treasury stock			(111)	186	75
Changes in the number of consolidated subsidiaries			692		692
Net changes of items other than shareholders' equity during the period					
Total changes of items during the period	-	-	47,595	180	47,776
Balance at March 31, 2012	65,475	80,711	319,823	(12,992)	453,017

	Accumulated other comprehensive income				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		
Balance at April 1, 2011	4,450	(696)	(20,201)	(16,448)	427	389,220
Changes of items during the period						
Dividends from surplus						(5,550)
Dividend from surplus (interim dividends)						(6,740)
Net income						59,305
Purchase of treasury stock						(6)
Disposal of treasury stock						75
Changes in the number of consolidated subsidiaries						692
Net changes of items other than shareholders' equity during the period	(1,388)	(895)	(1,272)	(3,557)	177	(3,379)
Total changes of items during the period	(1,388)	(895)	(1,272)	(3,557)	177	44,396
Balance at March 31, 2012	3,061	(1,592)	(21,474)	(20,005)	604	433,616

## Non-Consolidated Balance Sheet

(As of March 31, 2012)

(Million yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>415,305</b>	<b>Current liabilities</b>	<b>278,223</b>
Cash and deposits	71,378	Notes payable-trade	917
Notes receivable -trade	6,249	Accounts payable-trade	118,506
Accounts receivable -trade	89,904	Short-term loans payable	13,600
Finished goods	52,076	Current portion of long-term loans payable	4,700
Semi-finished goods	1,128	Lease obligations	1,733
Raw materials	135	Accounts payable - facilities	20,803
Work in process	96,084	Accrued expenses	25,261
Supplies	13,454	Income taxes payable	14,977
Deferred tax assets	35,628	Advances received	40,089
Short-term loans receivable - affiliated companies	29,145	Deposits received	29,926
Accounts receivable-other	18,093	Provision for product warranties	3,619
Other	2,240	Other	4,087
Allowance for doubtful accounts	(214)	<b>Noncurrent liabilities</b>	<b>78,384</b>
<b>Noncurrent assets</b>	<b>247,298</b>	Bonds payable	40,000
<b>Property, plant and equipment</b>	<b>76,588</b>	Long-term loans payable	22,900
Buildings, net	19,960	Lease obligations	2,269
Structures, net	879	Suspense receipt by land expropriation	10,490
Machinery and equipment, net	22,383	Asset retirement obligations	1,423
Vehicles, net	140	Other	1,301
Tools, furniture and fixtures, net	5,792		
Land	9,872	<b>Total liabilities</b>	<b>356,608</b>
Lease assets, net	3,885		
Construction in progress	13,673	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>24,958</b>	<b>Shareholders' equity</b>	<b>303,969</b>
Patents rights	6,680	<b>Capital stock</b>	<b>65,475</b>
Leasehold right	4	<b>Capital surplus</b>	<b>80,711</b>
Right of trademark	21	Legal capital surplus	80,711
Right of using facilities	89	<b>Retained earnings</b>	<b>170,774</b>
Software	18,162	Legal retained earnings	5,565
Lease assets	0	Other retained earnings	165,209
<b>Investments and other assets</b>	<b>145,751</b>	Reserve for special depreciation	22
Investment securities	44,866	Reserve for research and development	2,056
Stocks of subsidiaries and affiliates	47,583	Reserve for reduction entry of replaced property	5,072
Investments in capital	1	Reserve for reduction entry	18
Investments in capital of subsidiaries and affiliates	14,918	General reserve	111,211
Long-term loans receivable from subsidiaries and affiliates	11,870	Retained earnings brought forward	46,828
Long-term loans receivable from employees	10	<b>Treasury stock</b>	<b>(12,992)</b>
Long-term prepaid expenses	645		
Prepaid pension cost	8,852	<b>Valuation and translation adjustments</b>	<b>1,421</b>
Deferred tax assets	14,307	Valuation difference on available - for-sale securities	3,047
Other	2,702	Deferred gains or losses on hedges	(1,626)
Allowance for doubtful accounts	(9)	<b>Stock acquisition rights</b>	<b>604</b>
<b>Total assets</b>	<b>662,603</b>	<b>Total net assets</b>	<b>305,995</b>
		<b>Total liabilities and net assets</b>	<b>662,603</b>

**Non-Consolidated Statement of Income**

**(From April 1, 2011 to March 31, 2012)**

(Million yen)

Item	Amount	
<b>Net sales</b>		<b>688,781</b>
<b>Cost of sales</b>		<b>527,234</b>
<b>Gross profit</b>		<b>161,547</b>
Selling, general and administrative expenses		127,835
<b>Operating income</b>		<b>33,712</b>
<b>Non-operating income</b>		
Interest and dividends income	8,750	
Other	10,249	18,999
<b>Non-operating expenses</b>		
Interest expenses	1,013	
Other	3,123	4,136
<b>Ordinary income</b>		<b>48,575</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	65	
Gain on sales of investment securities	44	109
<b>Extraordinary losses</b>		
Loss on retirement of noncurrent assets	182	
Loss on sales of noncurrent assets	0	
Impairment loss	4	
Loss on sales of investment securities	95	
Loss on disaster	2,787	3,070
<b>Income before income taxes</b>		<b>45,614</b>
Income taxes – current	13,815	
Income taxes – deferred	2,481	16,296
<b>Net income</b>		<b>29,318</b>

**Non-Consolidated Statement of Changes in Net Assets**

**(From April 1, 2011 to March 31, 2012)**

(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, 2011	65,475	80,711	5,565	28	2,056	5,131	-	111,211	29,866	(13,173)	286,872
Changes of items during the period											
Reversal of reserve for special depreciation				(6)					6		-
Reversal of reserve for reduction entry of replaced property						(58)			58		-
Provision of reserve for reduction entry							22		(22)		-
Reversal of reserve for reduction entry							(3)		3		-
Dividends from surplus									(5,550)		(5,550)
Interim dividend									(6,740)		(6,740)
Net income									29,318		29,318
Purchase of treasury stock										(6)	(6)
Disposal of treasury stock									(111)	186	75
Net changes of items other than shareholders' equity during the period											
Total changes during the current fiscal year	-	-	-	(6)	-	(58)	18	-	16,962	180	17,096
Balance at March 31, 2012	65,475	80,711	5,565	22	2,056	5,072	18	111,211	46,828	(12,992)	303,969

	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, 2011	4,446	(727)	3,718	427	291,018
Changes of items during the period					
Reversal of reserve for special depreciation					-
Reversal of reserve for reduction entry of replaced property					-
Provision of reserve for reduction entry					-
Reversal of reserve for reduction entry					-
Dividends from surplus					(5,550)
Interim dividend					(6,740)
Net income					29,318
Purchase of treasury stock					(6)
Disposal of treasury stock					75
Net changes of items other than shareholders' equity during the period	(1,398)	(898)	(2,297)	177	(2,119)
Total changes during the current fiscal year	(1,398)	(898)	(2,297)	177	14,977
Balance at March 31, 2012	3,047	(1,626)	1,421	604	305,995

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

**INDEPENDENT AUDITOR'S REPORT**

May 7, 2012

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, 2012 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, 2011 to March 31, 2012, 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 conformity 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 the Company and its consolidated subsidiaries as of March 31, 2012, and the results of their operations for the year then ended in conformity 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, 2012

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, 2012 of NIKON CORPORATION (the "Company"), and the related statements of income and changes in net assets for the 148th fiscal year from April 1, 2011 to March 31, 2012, and the related notes and the accompanying supplemental schedules.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of 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 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 the Company as of March 31, 2012, and the results of its operations for the year then ended in conformity 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.



# Transcript of Audit Report of Board of Corporate Auditors

## Audit Report

With respect to the performance of duties of the Directors of the Company during the 148th fiscal year from April 1, 2011 to March 31, 2012, 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, 2012

#### 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.

## 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 of 21 yen be paid out per share (an increase in annual dividends by 19 yen per share from the previous year to 38 yen).

(1) Type of dividend assets

Cash

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

21 yen per Company common share

Total payment of dividends: 8,327,272,653 yen

(3) Effective date of dividends from surplus

June 29, 2012



### Item 3: Appointment of Ten Directors

As the terms of office for all twelve 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: President, Member of the Board &amp; President, Officer in charge of Business Development Headquarters, the Company (to present)</p>	32,800 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
2	Junichi Itoh (November 26, 1950)	<p>Apr. 1975: Joined Mitsubishi Bank, Ltd.</p> <p>Jun. 2002: Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>May 2005: Managing Executive Officer, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jun. 2005: Managing Director, The Bank of Tokyo-Mitsubishi, Ltd.</p> <p>Jan. 2006: Managing Director, The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May 2009: Senior Managing Executive Officer, 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 (to present)</p> <p>[Important concurrent positions outside the Company] Chairman of Nikon Americas Inc. Chairman of Nikon Holdings Europe B.V.</p>	1,000 shares	-
3	Kazuo Ushida (January 25, 1953)	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2003: Operating Officer, General Manager of Development Headquarters of Precision Equipment Company, the Company</p> <p>Jun. 2005: Managing Director, Member of the Board &amp; Senior Executive Officer, President of Precision Equipment Company, the Company</p> <p>Jun. 2007: Director, Member of the Board &amp; Senior Executive Officer, President of Precision Equipment Company, the Company</p> <p>Jun. 2009: Director, Member of the Board &amp; Senior Executive Officer, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, the Company (to present)</p> <p>[Important concurrent position outside the Company] Chairman of Nikon Precision Inc.</p>	19,799 shares	-
4	Toshiyuki Masai (August 5, 1952)	<p>Mar. 1980: Joined the Company</p> <p>Jun. 2005: Operating Officer, the Company President &amp; CEO, Nikon Inc.</p> <p>Sep. 2007: Operating Officer, the Company President, Nikon Europe B.V.</p> <p>Jun. 2009: Director, Member of the Board &amp; Executive Officer, President of Instruments Company, the Company (to present)</p>	13,600 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
5	Yasuyuki Okamoto (January 3, 1956)	<p>Apr. 1978: Joined the Company</p> <p>Jun. 2005: Operating Officer, General Manager of Marketing Management Department, Imaging Company, the Company</p> <p>Oct. 2006: Operating Officer, General Manager of Marketing Headquarters, Imaging Company, the Company</p> <p>Oct. 2007: Operating Officer, the Company President &amp; CEO, Nikon Inc.</p> <p>Jun. 2009: Executive Officer, the Company President &amp; CEO, Nikon Inc.</p> <p>Jun. 2010: Director, Member of the Board &amp; Executive Officer, President of Imaging Company, the Company (to present)</p>	3,600 shares	-
6	Norio Hashizume (December 4, 1952)	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2005: Operating Officer, General Manager of Financing &amp; Accounting Department, the Company</p> <p>Jun. 2009: Director, Member of the Board &amp; Operating Officer, Officer in charge of Affiliates Administration Department, General Manager of Financing &amp; Accounting Department, the Company</p> <p>Jun. 2010: Director, Member of the Board &amp; Executive Officer, General Manager of Finance &amp; Accounting Headquarters, the Company (to present)</p> <p>[Important concurrent position outside the Company] President of Nikon Holdings Hong Kong Limited</p>	11,906 shares	-
7	Hiroshi Ohki (August 12, 1954)	<p>Apr. 1979: Joined the Company</p> <p>Jun. 2008: Operating Officer, General Manager of Research &amp; Development Headquarters, Core Technology Center, the Company</p> <p>Jun. 2011: Executive Officer, Vice President of Core Technology Center &amp; General Manager of Research &amp; Development Headquarters, Core Technology Center, the Company</p> <p>Jun. 2012: Executive Officer, President of Core Technology Center, the Company (to present)</p>	7,500 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)	<p>Apr. 1976: Joined the Company</p> <p>Jun. 2008: Operating Officer, the Company President, Nikon (Thailand) Co., Ltd.</p> <p>Jun. 2009: Operating Officer, General Manager of Information System Headquarters, the Company</p> <p>Jun. 2011: Director, Member of the Board &amp; Operating Officer, President of Business Administration Center, the Company</p> <p>Jun. 2012: Director, Member of the Board &amp; Operating Officer, Officer in charge of Information System Headquarters, President of Business Administration Center, the Company (to present)</p>	4,100 shares	-
9	Kenji Matsuo (June 22, 1949)	<p>Apr. 1973: Joined Meiji Life Insurance Company</p> <p>Jul. 2001: Director of Meiji Life Insurance Company</p> <p>Apr. 2005: Managing Director of Meiji Yasuda Life Insurance Company</p> <p>Dec. 2005: President of Meiji Yasuda Life Insurance Company</p> <p>Jun. 2006: External Director, Member of the Board, the Company (to present)</p> <p>Jul. 2006: President, Representative Executive Officer and Director of Meiji Yasuda Life Insurance Company (to present)</p> <p>[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.</p>	0 shares	See note 4 below



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
10	Koukei Higuchi (March 14, 1936)	<p>Apr. 1960: Joined The Tokio Marine &amp; Fire Insurance Co., Ltd.</p> <p>Jun. 1996: President of The Tokio Marine &amp; Fire Insurance Co., Ltd.</p> <p>Jun. 2001: Chairman of The Tokio Marine &amp; Fire Insurance Co., Ltd.</p> <p>Jun. 2003: Advisor of The Tokio Marine &amp; Fire Insurance Co., Ltd.</p> <p>Oct. 2004: Advisor of the Board of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. (to present)</p> <p>Jun. 2010: External Director, Member of the Board, the Company (to present)</p> <p>[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.</p>	0 shares	-

Notes:

1. Kenji Matsuo and Koukei Higuchi are candidates for the positions of External Directors as provided for under the Companies Act.
2. Kenji Matsuo has a wealth of knowledge and experience as an executive with other companies and we believe that he will be able to monitor and supervise overall management thanks to his excellent insight. He will have served as External Director for the Company for six years at the conclusion of this General Shareholders' Meeting.
3. Koukei Higuchi has a wealth of knowledge and experience as an executive with other companies and we believe that he will be able to monitor and supervise overall management thanks to his excellent insight. He will have served as External Director for the Company for two years at the conclusion of this General Shareholders' Meeting.
4. The Company has borrowed funds from Meiji Yasuda Life Insurance Company, for which Kenji Matsuo concurrently serves as President, Representative Executive Officer, based on the loan agreements. In addition, the Company has paid insurance premiums to the said insurance company in accordance with an insurance contract.
5. If this proposal is approved, the Company plans to renew its agreement with Kenji Matsuo in order to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the said act. The Company sets the ceiling on liability at the minimum liability pursuant to the provisions of Article 425, Paragraph 1 of the Companies Act.
6. If this proposal is approved, the Company plans to renew its agreement with Koukei Higuchi in order to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the said act. The Company sets the ceiling on liability at the minimum liability pursuant to the provisions of Article 425, Paragraph 1 of the Companies Act.
7. Kenji Matsuo and Koukei Higuchi are reported to Tokyo Stock Exchange, Inc. as being independent directors.

#### Item 4: Appointment of Two Corporate Auditors

As Corporate Auditors Yoshiyuki Nagai and Susumu Kani will retire from the office of Corporate Auditors upon the expiry of their terms in office at the conclusion of this Annual General Shareholders' Meeting, it is proposed that two Corporate Auditors be elected.

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

The candidates are as follows:

Candidate number	Name (Date of birth)	Career summary, position at the Company, and important concurrent positions outside the Company	Shares held in the Company	Special interests in the Company
1	Yoshiyuki Nagai (January 1, 1953)	Apr. 1976: Joined the Company Jun. 2007: Executive Officer, General Manager of Administration Department, Business Administration Center, the Company Jun. 2008: Standing Corporate Auditor, the Company (to present)	4,500 shares	-
2	Susumu Kani (November 2, 1941)	Apr. 1964: Joined Mitsubishi Corporation Apr. 2000: Managing Director of Mitsubishi Corporation Jun. 2001: Director & Executive Officer, Mitsubishi Corporation Jun. 2004: Corporate Adviser of Mitsubishi Corporation (to present) Jun. 2004: External Corporate Auditor, the Company (to present)	15,300 shares	-

Notes:

1. Susumu Kani is a candidate for the position of External Corporate Auditor as provided for under the Companies Act.
2. Susumu Kani has a wealth of knowledge and experience as an executive with other companies and we believe that he will be able to fulfill his functions as external Corporate Auditor for the Company. He will have served as External Corporate Auditor for the Company for eight years at the conclusion of this General Shareholders' Meeting.
3. If this proposal is approved, the Company plans to renew its agreement with Susumu Kani in order to apply the statutory limit with respect to liability under Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the said act. The Company sets the ceiling on liability at the minimum liability pursuant to the provisions of Article 425, Paragraph 1 of the Companies Act.
4. The Company reports Susumu Kani to Tokyo Stock Exchange, Inc. as an independent corporate auditor.

#### Item 5: 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 130,955,000 yen in total be paid to ten Directors (excluding two External Directors) as of the end of the fiscal year (the 148th term).