

Securities Code: 7731
June 6, 2019
NIKON CORPORATION
Kazuo Ushida
Representative Director
Chairman of the Board

Dear Shareholders,

Amendment to the Notice of the 155th Annual General Shareholders' Meeting

The following revisions are made in relation to an item in the segment “Business Report” of the Notice of the 155th Annual General Shareholders' Meeting dispatched on June 6, 2019

1. Revised item

Page 34 of the Notice of the 155th Annual General Shareholders' Meeting

(iii) Compensation for Directors

2. Revisions (the revised parts are underlined.)

	Original	Revised
Fixed compensation (Fixed monthly compensation) column Total payment amount of compensation(million yen)	34 <u>7</u>	34 <u>6</u>
Total column Total payment amount of compensation(million yen)	56 <u>5</u>	56 <u>4</u>

This is a translation of the original Japanese “Notice of the 155th Annual General Shareholders’ Meeting” prepared for the convenience of non-Japanese speakers. Should there be any discrepancy between any part of this translation and the original Japanese text, the latter shall prevail.

Securities Code: 7731

June 6, 2019

NIKON CORPORATION

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

Dear Shareholder,

Notice of the 155th Annual General Shareholders’ Meeting

You are cordially invited to attend our 155th Annual General Shareholders’ Meeting to be held as outlined below.

Sincerely yours,

Kazuo Ushida
Representative Director
Chairman of the Board

1. **Date & Time:** 10:00 a.m., June 27, 2019 (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 Accounting Auditor and the Audit and Supervisory Committee for the 155th term (April 1, 2018 to March 31, 2019)
2. Non-Consolidated Financial Statements for the 155th term (April 1, 2018 to March 31, 2019)

Matters to be resolved

- Item 1:** Appropriation of Surplus
- Item 2:** Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Item 3:** Election of One Director Who Are Audit and Supervisory Committee Members
- Item 4:** Determination of the Amount and Other Details of Performance-based Stock Remuneration System for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

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, 2019 (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. The Audit and Supervisory Committee and the Accounting Auditor have audited documents subject to audit including the above documents posted on the Company's website.
- * 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: https://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 items on the enclosed voting form and return it to the Company by 5:00 p.m. on June 26, 2019 (Wednesday).

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

Voting by electromagnetic methods (ex. on the Internet)

Please exercise your voting rights by 5:00 p.m. on June 26, 2019 (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's policy on shareholder returns is basically to pay a stable dividend from the perspective of shareholder's value, while striving to reinforce its competitiveness by expanding the investment on the business and development of technology for future growth, while simultaneously realizing appropriate capital allocation flexibly from a mid to long-term perspective.

Based on this 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

30 yen per Company common stock

Total payment of dividends: 11,905,073,220 yen

(3) Effective date of dividends from surplus

June 28, 2019

The annual dividend for the fiscal year under review, including an interim dividend, will be 60 yen per Company common stock.

Item 2: Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office for all six Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this General Shareholders' Meeting. Accordingly, in order to further enhance management supervisory functions, the Company propose that one External Director be added and seven Directors (excluding Directors who are Audit and Supervisory Committee Members) be elected.

The Audit and Supervisory Committee has reported that there are no matters to be addressed with regard to the election of Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates are as follows:

Candidate number	Name	Current position, duties and responsibilities at the Company
1	[Reappointment] Kazuo Ushida	Representative Director and Chairman of the Board
2	[New candidate] Toshikazu Umatate	President Officer in charge of Business Development Division, Research & Development Division and Precision Components & Modules Business Unit
3	[Reappointment] Masashi Oka	Representative Director, Senior Executive Vice President and CFO Officer in charge of Internal Audit Department, Finance & Accounting Division and Intellectual Property Division
4	[Reappointment] Takumi Odajima	Senior Vice President and Director General Manager of Human Resources & Administration Division, Officer in charge of Risk Management
5	[Reappointment] Satoshi Hagiwara	Senior Vice President and Director General Manager of Corporate Strategy Division, Officer in charge of Glass Business Unit
6	[External/ Independent/ Reappointment] Akio Negishi	External Director
7	[External/ Independent/ New candidate] Shiro Hiruta	-

Candidate number 1	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p style="text-align: center;">Kazuo Ushida</p> <p>Date of birth: January 25, 1953</p> <p>Shares held in the Company: 28,799 shares</p>	<p>Apr. 1975: Joined the Company</p> <p>Jun. 2003: Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, the Company</p> <p>Jun. 2005: Managing Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2007: Director, Member of the Board & Executive Vice President, President of Precision Equipment Company, the Company</p> <p>Jun. 2009: Director, Member of the Board & Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, the Company</p> <p>Jun. 2013: Representative Director, Member of the Board & Senior Executive Vice President, Officer in charge of Intellectual Property Headquarters, President of Precision Equipment Company, Vice Officer in charge of Corporate Planning Headquarters, the Company</p> <p>Jun. 2014: President and Representative Director, Overseeing Medical Business Development Division and Business Development Division, the Company</p> <p>Jun. 2015: President and Representative Director, Overseeing Corporate Strategy Division, Medical Business Development Division and Business Development Division, the Company</p> <p>Jun. 2016: President and Representative Director, Officer in charge of Business Development Division, the Company</p> <p>Jun. 2017: President and Representative Director, Officer in charge of Business Development Division, Optical Engineering Division and Research & Development Division, the Company</p> <p>Apr. 2019: Representative Director and Chairman of the Board, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Kazuo Ushida has been engaged mainly in development of the semiconductor lithography systems since joining the Company, and has served as General Manager of Development Headquarters and President of Precision Equipment Company. He has led the restructuring as a President, exploiting his experience in business operation cultivated in the globally competitive environment of the cutting-edge semiconductor lithography market. As he is sufficiently qualified for directorship, we nominate him as a candidate to continue as Director.</p>	

Candidate number 2	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed</p> <p>Toshikazu Umatate</p> <p>Date of birth: March 1, 1956</p> <p>Shares held in the Company: 12,865 shares</p>	<p>Apr. 1980: Joined the Company</p> <p>Jun. 2005: Corporate Vice President, General Manager of Development Headquarters, Precision Equipment Company, the Company</p> <p>Jun 2009: Corporate Vice President, Vice President of Precision Equipment Company & General Manager of Sales Headquarters, Precision Equipment Company, the Company</p> <p>Jun. 2012: Senior Vice President, Vice President of Precision Equipment Company & General Manager of Semiconductor Equipment Division, Precision Equipment Company, the Company</p> <p>Jun. 2014: Senior Vice President, General Manager of Semiconductor Lithography Business Unit, the Company</p> <p>Apr. 2018: Senior Vice President, General Manager of Semiconductor Lithography Business Unit, Officer in charge of Technology Strategy and Precision Components & Modules Business Unit, the Company</p> <p>Apr. 2019: President, Officer in charge of Business Development Division, Research & Development Division and Precision Components & Modules Business Unit, the Company (to present)</p>
<p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Toshikazu Umatate has been engaged mainly in development of the semiconductor lithography systems since joining the Company and has served as General Manager of Development Headquarters and General Manager of Semiconductor Equipment Division, among other positions. He comprehensively grasps the current technology portfolio and is involved in the formulation of Company-wide growth strategies as Chairman of Technology Strategy Committee. As he is sufficiently qualified for directorship, we nominate him as a candidate for Director.</p>	

Candidate number 3	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p data-bbox="295 667 406 689">Masashi Oka</p> <p data-bbox="236 712 383 763">Date of birth: July 11, 1955</p> <p data-bbox="236 786 454 837">Shares held in the Company: 13,400 shares</p>	<p data-bbox="483 331 1377 1167"> Apr. 1979: Joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.) Jun. 2004: General Manager and Global Head, Syndicated Finance Division of the said Bank Jun. 2005: Executive Officer of the said Bank (Director & Vice Chairman, UnionBanCal Corporation and Union Bank of California, N.A.) Apr. 2008: Executive Officer of the said Bank General Manager, Corporate & Investment Banking Strategy Division Oct. 2009: Managing Executive Officer of the said Bank Group Head, Corporate & Investment Banking Group Jul. 2010: Managing Executive Officer of the said Bank (President & CEO, UnionBanCal Corporation and Union Bank, N.A.) May 2012: Managing Executive Officer of the said Bank CEO for the Americas (President & CEO, UnionBanCal Corporation and Union Bank, N.A.) May 2013: Senior Managing Executive Officer of the said Bank CEO for the Americas (President & CEO, UnionBanCal Corporation and Union Bank, N.A.) Jul. 2014: Special Advisor to the President & CEO of the said Bank Director & Executive Chairman, MUFG Americas Holdings Corporation and Director & Executive Chairman, MUFG Union Bank, N.A. Oct. 2015: Special Advisor to the President & CEO of the said Bank May 2016: Counselor, the Company Jun. 2016: Senior Executive Vice President, CFO and Representative Director, Officer in charge of Internal Audit Department, Corporate Strategy Division and Finance & Accounting Division, the Company Jun. 2017: Senior Executive Vice President, CFO and Representative Director, Officer in charge of Internal Audit Department, Officer in charge of Corporate Strategy Division and General Manager of the division, Officer in charge of Finance & Accounting Division and Intellectual Property Division, the Company Apr. 2019: Representative Director, Senior Executive Vice President and CFO, Officer in charge of Internal Audit Department, Finance & Accounting Division and Intellectual Property Division, the Company (to present) [Important concurrent positions outside the Company] Outside Director of Sony Financial Holdings Inc. (scheduled to be appointed in June 2019) </p>
<p data-bbox="236 1167 518 1218">[Special interests in the Company] None</p> <p data-bbox="236 1218 422 1240">[Reasons for candidacy]</p>	<p data-bbox="236 1240 1377 1404"> Masashi Oka joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.) in 1979. Since his appointment as an executive officer of the said Bank in 2005, he was mainly engaged in corporate and investment banking (CIB) business and operation of businesses in the Americas of the Mitsubishi UFJ Financial Group, Inc., and served as a managing executive officer and a senior managing executive officer of the said Bank, as well as CEO of the bank's affiliates, UnionBanCal Corporation and Union Bank, N.A. As he possesses a wealth of experience and achievements in global business operation and finance in general and has promoted the restructuring of the Company as a Senior Executive Vice President, he is sufficiently qualified for directorship. Therefore, we nominate him as a candidate to continue as Director. </p>

Candidate number 4	Career summary, position and duties at the Company, and important concurrent positions outside the Company	
Takumi Odajima Date of birth: December 5, 1958 Shares held in the Company: 9,800 shares	Apr. 1981: Jun. 2012: Jun. 2014: Dec. 2016: Jun. 2017: Apr. 2018:	Joined the Company Corporate Vice President, General Manager of Planning Headquarters, Precision Equipment Company, the Company Corporate Vice President, Corporate Strategy Division, the Company Corporate Vice President, Corporate Strategy Division and Deputy General Manager of Human Resources & Administration Division, the Company Senior Vice President and Director, General Manager of Human Resources & Administration Division, the Company Senior Vice President and Director, General Manager of Human Resources & Administration Division, Officer in charge of Risk Management, the Company (to present)
[Special interests in the Company] None [Reasons for candidacy] Takumi Odajima, after having been engaged primarily in the sales and business planning sections of the Instruments Business, has served as General Manager of Corporate Planning Department, General Manager of Planning Headquarters, Precision Equipment Company, and General Manager of Human Resources & Administration Division. As he possesses a wealth of experience as the person responsible for promoting important policies, he is sufficiently qualified for directorship. Therefore, we nominate him as a candidate to continue as Director.		
Candidate number 5	Career summary, position and duties at the Company, and important concurrent positions outside the Company	
Satoshi Hagiwara Date of birth: July 18, 1961 Shares held in the Company: 5,600 shares	Apr. 1985: Jun. 2015: Jun. 2017: Apr. 2019:	Joined the Company Corporate Vice President, General Manager of Finance & Accounting Division, the Company Senior Vice President and Director, General Manager of Finance & Accounting Division and Deputy General Manager of Corporate Strategy Division, the Company Senior Vice President and Director, General Manager of Corporate Strategy Division, Officer in charge of Glass Business Unit (to present)
[Special interests in the Company] None [Reasons for candidacy] Satoshi Hagiwara has been engaged in finance and accounting sections since joining the Company and served as General Manager of Finance & Accounting Division and Deputy General Manager of Corporate Strategy Division. As he possesses a high degree of expertise in finance and accounting as well as outstanding insight, he is sufficiently qualified for directorship. Therefore, we nominate him as a candidate to continue as Director.		

Candidate number 6	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>External/Independent</p> <p>Akio Negishi</p> <p>Date of birth: October 31, 1958</p> <p>Shares held in the Company: 0 shares</p>	<p>Apr. 1981: Joined Meiji Life Insurance Company (current Meiji Yasuda Life Insurance Company)</p> <p>Jul. 2009: Executive Officer of the said Company</p> <p>Apr. 2012: Managing Executive Officer of the Said Company</p> <p>Jul. 2013: Director, President, Representative Executive Officer of the said Company (to present)</p> <p>Jun. 2016: External Director, the Company (to present)</p>
<p>Notes:</p> <ol style="list-style-type: none"> 1. Akio Negishi is a candidate for the position of External Director as provided for under the Companies Act. The Company has reported him to Tokyo Stock Exchange, Inc. as an independent director. He will have served as External Director for the Company for three years at the conclusion of this General Shareholders' Meeting. 2. If this proposal is approved, the Company intends to continue an agreement with Akio Negishi that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. <p>[Special interests in the Company]</p> <p>The Company borrows loans from Meiji Yasuda Life Insurance Company, of which Akio Negishi is President, Representative Executive Officer. The amounts of transactions with the company in the past three years account for less than 1% of consolidated net sales of each of the company and the Company for each year, which meets the independence criteria set by the Company (see page 12).</p> <p>[Reasons for candidacy]</p> <p>Akio Negishi serves as President, Representative Executive Officer of Meiji Yasuda Life Insurance Company, and possesses many years of management experience and exceptional knowledge, and we believe that he will be able to contribute to the Company's management overall from a big-picture perspective. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>	

Candidate number 7	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Newly appointed</p> <p>External/Independent</p> <p>Shiro Hiruta</p> <p>Date of birth: December 20, 1941</p> <p>Shares held in the Company: 0 shares</p>	<p>Apr. 1964: Joined Asahi Chemical Industry Co., Ltd. (current Asahi Kasei Corporation)</p> <p>Jun. 1997: Director of the said Company</p> <p>Jun. 1999: Managing Director of the said Company</p> <p>Jun. 2001: Senior Managing Director of the said Company</p> <p>Jun. 2002: Executive Vice President of the said Company</p> <p>Apr. 2003: President and Representative Director of the said Company</p> <p>Apr. 2010: Director and Senior Advisor of the said Company</p> <p>Jun. 2010: Senior Advisor of the said Company</p> <p>Jun. 2013: Standing Counsellor of the said Company</p> <p>Jun. 2016: Counsellor of the said Company (to present)</p>
<p>Notes:</p> <ol style="list-style-type: none"> Shiro Hiruta is a candidate for the position of External Director as provided for under the Companies Act. The Company intends to report him to Tokyo Stock Exchange, Inc. as an independent director. If this proposal is approved, the Company intends to conclude an agreement with Shiro Hiruta that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act. <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Shiro Hiruta served as Representative Director of Asahi Kasei Corporation and other important positions, and possesses long years of management experience and outstanding insight, and we believe that he will be able to contribute to the Company's overall management from a big-picture perspective. He also meets the independence criteria set by the Company, and we believe that he will be able to serve in a management supervisory function from an independent, fair and objective position as External Director.</p>	

(Reference)

Criteria for determining independence of external directors

In addition to the requirement for external directors under the Companies Act, the Company judges that an external director candidate is independent if he/she does not fall into any of the following requirements.

- a) The candidate serves or had served the Group in the past.
- b) The candidate is a "major client or supplier*" of the Company or an executive thereof.
- c) The candidate is a major shareholder of the Company or an executive of the said major shareholder.
- d) The candidate had served in the past at a company whose directors are concurrently serving as the Company's external director and vice versa.
- e) The candidate is a person who belongs to a company or organization that receives a donation from the Company or a person who had served in the past at said company or organization.
- f) The candidate's relative within the second degree of kinship serves as an important executive of a "major client or supplier" of the Group or the Company.

* "Major client or supplier" refers to a client or supplier that fall into either of the following.

- (1) A client or supplier with whom the Company has transaction that falls into the following, in any of the past three years
 - a party which receives payment from the Company equivalent to 2% of the party's consolidated net sales or 100.0 million yen, whichever the greater
 - a party which makes payments to the Company equivalent to 2% of the Company's consolidated net sales or 100.0 million yen, whichever the greater
- (2) A consultant, an accounting professional, or a legal professional who receives compensation from the Company in excess of 10.0 million yen per year (average over the past three fiscal years)

Item 3: Election of One Director Who Is an Audit and Supervisory Committee Member

The term of office for Takaharu Honda, a Director who is an Audit and Supervisory Committee Member will expire at the conclusion of this General Shareholders’ Meeting. Accordingly, it is proposed that one Director who is an Audit and Supervisory Committee Member be elected.

The consent of the Audit and Supervisory Committee has been obtained for this item.

The candidate is as follows:

Candidate number 1	Career summary, position and duties at the Company, and important concurrent positions outside the Company
<p>Takaharu Honda</p> <p>Date of birth: November 20, 1954</p> <p>Shares held in the Company: 12,200 shares</p>	<p>Apr. 1977: Joined the Company</p> <p>Jun. 2008: Corporate Vice President, General Manager of Business Planning Department, Imaging Company, the Company</p> <p>Jun. 2011: Senior Vice President, Officer in charge of Corporate Communications & IR Department, General Manager of Corporate Planning Headquarters, the Company</p> <p>Jun. 2014: Senior Vice President and Director, General Manager of Human Resources & Administration Division, Overseeing Information Security Division and Information System Division, the Company</p> <p>Apr. 2016: Senior Vice President and Director, General Manager of Human Resources & Administration Division, Overseeing Information Security Division and IT Solutions Division, the Company</p> <p>Jun. 2016: Senior Vice President and Director, General Manager of Human Resources & Administration Division, the Company</p> <p>Jun. 2017: Director (Audit and Supervisory Committee Member), the Company (to present)</p>
<p>Note:</p> <p>If this proposal is approved, the Company intends to conclude an agreement with Takaharu Honda that limits his liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the said act. The limit on the liability for damages in this agreement is the lowest amount prescribed in Article 425, Paragraph 1 of the Companies Act.</p> <p>[Special interests in the Company] None</p> <p>[Reasons for candidacy] Takaharu Honda, after having been engaged mainly in sales of Imaging Products Business since joining the Company, has served as General Manager of Business Planning Department, Imaging Company, General Manager of Corporate Planning Headquarters and General Manager of Human Resources & Administration Division. As he possesses a wealth of experience as a manager of planning and management sections, he is sufficiently qualified to fulfill the responsibility of an Audit and Supervisory Committee Member. Therefore, we nominate him as a candidate to continue as a Director who is an Audit and Supervisory Committee Member.</p>	

Item 4: Determination of the Amount and Other Details of Performance-based Stock Remuneration System for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

This proposal asks for approval to make partial revisions to the performance-based stock Remuneration system (hereinafter the “System”) approved at the 152nd Annual General Shareholders’ Meeting held on June 29, 2016.

The System was introduced under the approval at the above Annual General Shareholders’ Meeting and has been in place to date as a framework for the purpose of incentivizing Directors (excluding Audit and Supervisory Committee Members, External Directors, Non-Executive Directors and non-residents of Japan) and Executive Officers (excluding non-residents of Japan; hereinafter the same for this proposal; and hereinafter collectively referred to as “Directors, etc.”) of the Company, to achieve better business performance and increase corporate value over the medium- to long-term. In order to further incentivize the Directors, etc. to contribute to the enhancement profitability and maximization of corporate value over the medium- to long-term, the Company asks for approval to reestablish compensation framework in regard to the System, upon making partial revisions.

If Item 2: “Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved as proposed, the number of Directors eligible under the System shall be five. Furthermore, given that Executive Officers will also be eligible under the System (if Item 2: “Election of Seven Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” is approved as proposed, the number of eligible Executive Officers who do not serve concurrently as Director at the conclusion of this General Shareholders’ Meeting shall be 13), the amount of compensation based on the System shall include compensation for Executive Directors. However, in light of the possibility that the said Executive Officers may be newly appointed to the position of Directors, who are eligible under the System during the target period of the trust to be defined in Paragraph 2. (2) below, the proposal asks for approval for the amount and other details of the entire compensation based on the System as compensation, etc. for Directors, etc.

It should be noted that this portion of compensation shall be, as in the existing portion of compensation related to the System, set separately from the portion of compensation for Directors (excluding Audit and Supervisory Committee Members) of 650 million yen or less per year (including subscription rights to shares granted as stock-related compensation), which was approved at the 152nd Annual General Shareholders’ Meeting held on June 29, 2016. Furthermore, the Company has received a report from the Audit and Supervisory Committee to the effect that it has not found any matters that should be mentioned with regard to this proposal.

1. Reasons for the proposal and justifications for such revisions to the System

In May 2015, the Company announced the Medium-Term Management Plan covering the period from the fiscal year ended March 31, 2016 to the fiscal year ended March 31, 2018, and introduced the System as a remuneration system linked to this Medium-Term Management Plan. However, the Company decided to discontinue this Medium-Term Management Plan and subsequently engaged in restructuring efforts through the fiscal year ended March 31, 2019. As a result, the Company forfeited the remuneration based on the System.

In conjunction with the recent formulation of the new Medium-Term Management Plan, which aims to “establish a foundation for growing enterprise value sustainably,” the Company will resume the System to further enhance the incentive of the Directors, etc. toward achieving the plan. Also, as the Company transitioned from business management aiming at revenue growth to business management aiming at profit enhancement and maximization of enterprise value as a result of the restructuring, the Company will partially revise the System to reinforce linkage with performance targets indicated in the Medium-Term Management Plan.

It should be noted that the Company has submitted this proposal based on the deliberation results on the resumption and revision of the System by the Compensation Committee.

2. The amount and other details, etc. of compensation under the System

(1) Summary of the System

The System is a performance-based stock remuneration system under which the Company shares are acquired through the trust funded by the compensation for Directors, etc., and the delivery and payment (the “Delivery, etc.”) of the Company shares and cash equivalent of the conversion value of said shares (the “Company Shares, etc.”) to the Directors, etc. will be made (as detailed (2) and thereafter).

(i) Persons eligible for the Delivery, etc. of Company Shares, etc. under the System	<ul style="list-style-type: none"> - Directors of the Company (excluding Audit and Supervisory Committee Members, External Directors, Non-Executive Directors and non-residents of Japan) - Executive Officers of the Company (excluding non-residents of Japan)
(ii) Number of the Company Shares, etc. to be acquired and the method of acquisition, etc. under the System	
The maximum amount to be contributed by the Company (As mentioned in (2) below)	- Total of 1.2 billion yen over three fiscal years
Method of acquisition of the Company shares (As mentioned in (2) below)	- The trust shall acquire the Company shares from the stock market, and thus there will be no dilution.
The maximum number of the Company Shares, etc. for Delivery, etc. to Directors, etc. (As mentioned in (3) below)	- Total of 730 thousand shares over three fiscal years
(iii) Details of the conditions for the accomplishment of business performance (As mentioned in (3) below)	- Variable within a range of 0% to 150% in accordance with the degree of accomplishment of the ROE target set in the final fiscal year of the Medium-Term Management Plan and the target for total consolidated operating income over three fiscal years
(iv) Timing of Delivery, etc. of the Company Shares, etc. to the Directors, etc. (As mentioned in (4) below)	- At the end of the target period (three fiscal years)

(2) The maximum amount to be contributed by the Company

The target period for the System shall be the three fiscal years covered by the Medium-Term Management Plan of the Company (the “Target Period”).

The Company shall contribute maximum of 1.2 billion yen in total, for every target period, as compensation for Directors, etc. and establish a trust with a three-year trust term wherein the Directors, etc. who meet the beneficiary requirements are beneficiaries (the “Trust”) (including extension of the trust term as set forth below; hereinafter the same shall apply). Acquisition of the Company shares by the Trust shall be performed through the method of using the entrusted money as funds to acquire the Company shares from the stock market in accordance with the instructions of the trust administrator.

The Company shall grant standard points (provided in (3) below) to the Directors, etc. during the trust term, and at the end of the trust term, the Trust conducts Delivery, etc. of the Company Shares, etc. equivalent to the Share Granting Points (provided in (3) below), which have been calculated based on the cumulative standard points over the three fiscal years.

The Company, at the expiry of the trust term, may continue the existing Trust by changing the

trust agreement and making additional contributions to the Trust (this method will be used in the Target Period starting from the fiscal year ending March 31, 2020). In such cases, the Company shall extend the trust term for another three years and make additional contributions to the Trust within 1.2 billion yen in total, and continue the grant of standard points and the Delivery, etc. of the Company Shares, etc. to the Directors, etc. during the extended trust term. However, in cases where such additional entrustment is made and there are remaining Company shares and money (excluding the Company Shares, etc. equivalent to the Share Granting Points held by the Directors, etc. for which Delivery, etc. have not been completed; hereinafter “Remaining Company Shares, etc.”) in the trust assets as of the last day of the previous trust term prior to the extension, the Remaining Company Shares, etc. shall be granted to the Directors, etc. as compensation under the Plan for the extended term (this method will be used in the Target Period starting in the fiscal year ending March 31, 2020), and the total amount of the Remaining Company Shares, etc. and the additional contribution of trust money shall be within 1.2 billion yen.

(3) Calculation method of the number of the Company Shares, etc. for Delivery, etc. to the Directors, etc. and the maximum number thereof

The number of the Company Shares, etc. for Delivery, etc. to the Directors, etc. shall be determined using the following formula, based on the Share Granting Points calculated in accordance with the degree of accomplishment of performance targets. One Share Granting Point will equal one share. In the event that the Company shares which belong to the Trust are increased or decreased due to a share split, allotment of shares without contribution, or share consolidation, the Company shall adjust the number of Share Granting Points with reasonable calculation.

Standard points shall be granted in June of each year during the Target Period in accordance with the following formula.

(Standard Points Calculation Formula)

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

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

In the first June after the expiry of the Target Period of the Trust, Delivery, etc. of the Company Shares, etc. shall be conducted by the Trust in the number corresponding to the Share Granting Points calculated using the following calculation formula.

(Share Granting Points Formula)

Cumulative Standard Points granted during the Target Period x performance-based coefficient*

* The performance-based coefficient shall be determined within the range of 0% to 150% in

accordance with the degree of accomplishment of the ROE target in the final fiscal year that is set in the Medium-Term Management Plan covering the Target Period and the degree of accomplishment of the target for total consolidated operating income for the Target Period.

The total number of the Company Shares, etc. for Delivery, etc. to Directors, etc. during the Target Period of the Trust shall not exceed 730 thousand shares (the “Maximum Number of Shares”). The Maximum Number of Shares has been determined based on the maximum amount of trust money contributed as mentioned in (2) above and in reference to the latest stock prices, etc.

[Reference] Calculation method of Share Granting Points during the period from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022

In the Target Period starting in the fiscal year ending March 31, 2020, the weighting of each evaluation benchmarks (ROE for the final fiscal year and total consolidated operating income during three fiscal years) to the Share Granting Points will be 50% each. Base value, degree of linkage with performance and applicable coefficient by performance for each evaluation benchmarks will be as follows;

Evaluation benchmarks	Weight	Base value	Degree of linkage with performance	Applicable coefficient by performance
ROE for the fiscal year ending March 31, 2022	50%	8.0%	0% - 150%	Variable in the range below; Upper limit (12.0%): Coefficient: 150% Base value (8.0%): Coefficient: 100% Lower limit (6.0%): Coefficient: 50% * If it falls below 6.0%, the coefficient will be 0%, and if it exceeds 12.0%, the coefficient will be 150%.
Total consolidated operating income for the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022	50%	200.0 billion yen	0% - 150%	Variable in the range below; Upper limit (240.0 billion yen): Coefficient: 150% Base value (200.0 billion yen): Coefficient: 100% Lower limit (180.0 billion yen): Coefficient: 50% If it falls below 180.0 billion yen, the coefficient will be 0%, and if it exceeds 240.0 billion yen, the coefficient will be 150%.

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

In the first June after the expiry of the Target Period, the Directors, etc. who have met the beneficiary requirements shall receive Delivery, etc. of the Company Shares, etc. in the number corresponding to the share granting points calculated using the calculation formula in (3) above.

In this case, Directors, etc. shall receive 50% of the Share Granting Points by Company shares (less than one unit will be rounded down), and remaining 50% of the Share Granting Points by money

after the conversion of Company shares into money by the Trust.

(5) Voting Rights Related to Company Shares in the Trust

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

(6) Other details of the System

Other details regarding the System shall be determined by the Board of Directors on each occasion such as the establishment of the Trust, changes to the trust agreement and contribution of additional money to the Trust.

(Attached documents)

Business Report

(From April 1, 2018 to March 31, 2019)

1. Matters relating to the current state of the Group

(1) Results of operations

(i) Review of operations

The economic state of affairs in the fiscal year ended March 31, 2019 continued its gradual recovery trend, showing signs of improvement in personal consumption and increased capital investment in Japan. The U.S. economy remained solid despite a temporary slowdown in personal consumption, and Europe was on a modest recovery trend. In addition, a moderate slowdown trend was seen in China.

Looking at conditions by business segment, in the Imaging Products Business, the digital camera-interchangeable lens type market and the compact digital camera market continued to shrink. In the Precision Equipment Business, capital investments were steady in the FPD-related field. Despite solid capital investments in the semiconductor-related field, investments slowed down in the latter half of the fiscal year. In the Healthcare Business, market conditions were solid both in the bioscience field and ophthalmic diagnosis field, especially overseas.

During the fiscal year ended March 31, 2019, which was the final year of restructuring announced in November 2016, the Nikon Group (the "Group") tackled its remaining issues taking the post-restructuring period into consideration.

In specific, the Group promoted a shift to portfolio-based management, and strived to spread the understanding of ROE and ROIC, which the Group positioned as the management indicators that emphasize capital efficiency, to each organization and individual employee. Furthermore, the Group promoted the strengthening of its corporate governance structure, such as implementing improvements in order to address the issues that were identified through the evaluation of the Board of Directors' effectiveness, which were conducted by a third-party organization. In addition, the Group continued to carry out measures to enhance management DNA, such as reducing fixed costs. The Group also committed to the development of products with competitive advantages, focusing on the Group's core technologies of opto-electronics and precision.

As a result of the aforementioned measures, revenue for the fiscal year ended March 31, 2019 decreased by 8,418 million yen (1.2%) year on year to 708,660 million yen, operating profit increased by 26,417 million yen (47.0%) year on year to 82,653 million yen, and profit attributable to owners of the parent increased by 31,741 million yen (91.3%) year on year to 66,513 million yen.

As a result of the change in the basis for the recognition of revenue from the fiscal year under review, a part of sales promotion expenses which had been previously recorded in selling, general and administrative expenses, is accounted for as reduction of revenue.

Performance by business segment is as follows.

a. Imaging Products Business

For the digital camera-interchangeable lens type, sales of the D850, a digital SLR camera, were

strong, and the Group made efforts to increase sales of the new Z 7 and Z 6 full-frame mirrorless cameras, which have earned favorable reviews.

For the compact digital cameras, the Group focused on sales of high value-added products such as the COOLPIX P1000, which is equipped with a 125x optical zoom lens.

However, unit sales of both digital camera-interchangeable lens type and compact digital cameras fell amidst the shrinking market.

As a result, revenue for the Imaging Products Business decreased by 17.9% year on year to 296,169 million yen, and operating profit decreased by 27.0% year on year to 22,069 million yen.

b. Precision Equipment Business

In the FPD lithography system field, although unit sales of equipment for mid-to-small size panels decreased, unit sales of equipment for large-size panels increased, resulting in substantial increases in revenue and profits.

In the semiconductor lithography system field, despite factors such as the postponement of sales of some systems to the fiscal year ending March 31, 2020, the business passed the break-even point for two consecutive fiscal years, owing to solid sales of ArF immersion scanners and ArF scanners, and further improvement of efficiency through the restructuring.

As a result, revenue for the Precision Equipment Business increased by 21.3% year on year to 274,540 million yen. In addition, operating profit increased by 53.1% year on year to 81,730 million yen, due to the rise of profit in the FPD lithography system field, as well as the effect of recording a settlement income regarding litigation over patents in the semiconductor lithography system field, which resulted in the substantial increase of profit in the business as a whole.

c. Healthcare Business

In the bioscience field, sales of biological microscopes increased, mainly overseas, and sales of ultra-wide field retinal imaging devices remained solid in the ophthalmic diagnosis field as well. Both fields recorded their highest sales ever.

Regarding the business as a whole, although strategic investments into the ophthalmic diagnosis field and the regenerative medicine-related field were made as planned, profitability improved due to factors such as reductions of fixed costs.

As a result, revenue for the Healthcare Business increased by 15.2% year on year to 65,434 million yen, and operating loss of 1,937 million yen (operating loss of 3,263 million yen was recorded in the previous fiscal year) was recorded.

d. Industrial Metrology and Others

In the Industrial Metrology Business, profitability improved and profits increased, despite a decrease in revenue due to factors such as the transfer of the CMM (Coordinate Measuring Machines) Business as part of restructuring.

In the Customized Products Business, revenue for solid-state lasers and customized equipment increased.

In the Glass Business, revenue increased by continuously focusing on the sales promotion of photomask substrates for FPD and optical materials.

As a result, revenue for the Industrial Metrology and Others decreased by 1.0% year on year to 72,518 million yen, and operating profit increased by 38.0% year on year to 6,937 million yen.

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

Business Segment Revenue for 155th term (Year Ended March 31, 2019)

Business segment	Revenue (million yen)	Percentage of total revenue (%)	Change from previous year (%)
Imaging Products Business	296,169	41.8	(17.9)
Precision Equipment Business	274,540	38.8	21.3
Healthcare Business	65,434	9.2	15.2
Industrial Metrology and Others	72,518	10.2	(1.0)

(ii) Capital investments

Fiscal year capital investments totaled 24,938 million yen. The amounts of investment by business were 6,426 million yen in the Imaging Products Business, 4,171 million yen in the Precision Equipment Business, 1,784 million yen in the Healthcare Business, and 8,179 million yen in the Industrial Metrology and Others. Major capital investments in the fiscal year included an investment for the production of mirrorless cameras in the Imaging Products Business and an investment to increase production of FPD Lithography Systems in the Precision Equipment Business.

(iii) Fund procurement

The balance of interest-bearing liabilities at the end of the fiscal year is 128,992 million yen, an increase of 678 million yen from the end of the previous fiscal year.

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

(Note) From the fiscal year under review, the balance of interest-bearing liabilities include short-term loans payable, long-term loans payable, and bonds payable.

(iv) Business transfers and absorption-type and incorporation-type company split

None

(v) Businesses acquired from other companies

None

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

None

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

None

(2) Financial highlights for three previous fiscal years

Financial highlights related to the Group are as follows.

Item	152nd term (Year ended March 31, 2016)	153rd term (Year ended March 31, 2017)	154th term (Year ended March 31, 2018)	155th term (Year ended March 31, 2019)
Revenue (million yen)	841,040	749,273	717,078	708,660
Operating profit (million yen)	35,266	774	56,236	82,653
Profit attributable to owners of the parent (million yen)	29,947	3,967	34,772	66,513
Basic earnings per share (yen)	75.55	10.01	87.76	167.86
Total assets (million yen)	982,564	1,018,351	1,098,343	1,134,985
Total equity (million yen)	537,078	538,150	573,541	616,726

Notes:

1. The figures for the above table are stated based on IFRS.
2. Beginning from the 152nd term, the Group introduced Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares held by the Trust were recorded as treasury share in the consolidated financial statements. Associated with this, in calculating basic earnings per share, the number of such shares is included in treasury share and recorded as "average number of common stock issued."
3. Beginning from the 155th term, the Group adopted IFRS 15 "Revenue from Contracts with Customers." Accordingly, a part of sales promotion expenses which had been previously recorded in selling, general and administrative expenses, is accounted for as reduction of revenue.

(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
Tochigi Nikon Corporation	Tochigi, Japan	363 million yen	100.0	Manufacture of interchangeable lenses and optical lenses
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	1,260 million bahts	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	1,000 thousand euro	*100.0	Sales in Europe of Imaging Products Business products
Nikon Singapore Pte. Ltd.	Singapore	32 million SG dollars	*100.0	Sales in Asia/Oceania of Imaging Products Business products
Nikon Imaging (China) Sales Co., Ltd.	China	10 million US dollars	*100.0	Sales in China of Imaging Products Business products
Tochigi Nikon Precision Co., Ltd.	Tochigi, Japan	204 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
Nikon Instech Co., Ltd.	Tokyo, Japan	418 million yen	100.0	Sales in Japan of Healthcare Business products and Industrial Metrology Business products
Optos Plc	UK	1,524 thousand UK pounds	100.0	Manufacture and sales of Healthcare Business products
Nikon Metrology NV	Belgium	97 million euro	*100.0	Manufacture and sales in Europe and the US of Industrial Metrology Business products

Note:

* shows ownership ratios including indirect ownership.

(4) Issues to be addressed

During the year ending March 31, 2020, the Group will strive to establish a foundation for growing enterprise value sustainably, by generating new core pillars of profit and improving the profitability of existing businesses under the new medium-term management plan.

In order to generate new core pillars of profit, the Group will aim to develop new markets in monozukuri (manufacturing) field by focusing on the Material Processing Business, an area in which high precision stage control, non-contact 3D metrology, and optics application technologies cultivated in its existing businesses can be utilized, and is also an area that has potential for market growth. Furthermore, the Group will nurture new businesses in the fields of digital manufacturing, vision systems/robotics, and healthcare, which the Group has defined as long-term growth fields.

Regarding existing businesses, the Group will commit to improve profitability in its three core businesses of Imaging Products Business, FPD Lithography Business, and Semiconductor Lithography Business, based on the following policies.

- Imaging Products Business: Strive to shift to a business structure that can secure stable profits as Nikon's core business, even in a shrinking market.
- FPD Lithography Business: Keep the leadership position in markets where stable demand is expected in the medium- to long-term.
- Semiconductor Lithography Business: Strive to establish a structure that continues stable generation of cash flow through the profitability-first business strategy.

In addition, the Group will strive to reform costs through measures such as supply chain optimization, a zero-based review of the costs, duties, and functions of management and back-office departments, optimization of marketing and production systems, process reform, and the shortening of manufacturing lead-time.

Furthermore, in order to establish "monozukuri structure" by digital manufacturing, the Group will implement human resource development of monozukuri technology and reforms in the following four areas: production system, monozukuri technology, procurement, and quality management.

The Group will also enhance its corporate governance through comprehensive measures aimed at enhancing the effectiveness of the Board of Directors, such as increasing the diversity of its external directors and establishing a voluntary nomination committee.

Through these activities, the Group will strive to be the "leading company in precision & optics" that realizes sustainable growth of enterprise value in medium- to long-term.

(5) Main business (as of March 31, 2019)

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

Business segment	Main products
Imaging Products Business	Digital camera—interchangeable lens type, compact digital cameras, interchangeable lenses, film cameras, sport optics
Precision Equipment Business	FPD lithography systems, Semiconductor lithography systems
Healthcare Business	Biological microscopes, cell culture observation systems, ultra-wide field retinal imaging devices
Industrial Metrology and Others	Industrial microscopes, measuring instruments, customized products, photomask substrates for FPD

(6) Major offices and plants (as of March 31, 2019)

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 25.

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, 2019)

(i) Employees of the Group

Number of employees	Change from the end of the previous consolidated fiscal year
20,917	down 112

Note: The number of employees does not include part-time employees, contract workers, etc.

(ii) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average service years
4,398	down 46	44.2	17.9

Note: The number of employees does not include employees of the Company seconded to other companies, part-time employees, contract workers, etc.

(8) Major lenders (as of March 31, 2019)

Lender	Amount borrowed (million yen)
MUFG Bank, Ltd.	19,524
Meiji Yasuda Life Insurance Company	13,000

(9) Other items concerning the status of the Group

(i) Conclusion of the settlement agreement and the cross-licensing agreement with ASML and Zeiss

On February 18, 2019, the Company signed a definitive settlement and cross-license agreement relating to a comprehensive settlement of all legal proceedings over patents for lithography equipment and digital cameras with ASML Holding N.V. and Carl Zeiss SMT GmbH. Accordingly, all stayed legal proceedings between the parties were dismissed.

(ii) Repurchase of shares of common stock

The Company has resolved at the meeting of its Board of Directors held on May 9, 2019, the repurchase of its own shares pursuant to Article 156 of the Companies Act of Japan as applied pursuant to Article 165, Paragraph 3.

Class of shares to be repurchased: Common stock

Total number of shares to be repurchased: Up to 8.0 million shares

(Equivalent to 2.0% of outstanding shares (excluding treasury stock))

Total repurchase amount: Up to 10 billion yen

Repurchase Period: From May 10, 2019 to June 30, 2019

2. Current state of the Company

(1) Matters relating to shares of the Company (as of March 31, 2019)

- (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: 30,089
- (v) Major shareholders:

Name of shareholder	Number of shares held (thousand shares)	Percentage of total shares issued (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,672	11.5
Japan Trustee Services Bank, Ltd. (Trust Account)	31,378	7.9
Meiji Yasuda Life Insurance Company	19,537	4.9
MUFG Bank, Ltd.	7,378	1.9
Japan Trustee Services Bank, Ltd. (Trust Account 5)	6,836	1.7
The Joyo Bank, Ltd.	6,801	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	6,267	1.6
Mitsubishi UFJ Trust and Banking Corporation	5,481	1.4
JPMorgan Securities Japan Co., Ltd.	5,455	1.4
JP MORGAN CHASE BANK 385151	5,403	1.4

Note:

The percentage of total shares issued is calculated after deducting treasury share of 4,043,147 shares.

(2) Subscription rights to shares

(i) Subscription rights to shares held by the Company's Directors that were granted as remuneration for duties performed (as of March 31, 2019)

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Status of holding (number of subscription rights to shares (number of holders))	
						Directors (excluding Audit and Supervisory Committee Members)	Directors (Audit and Supervisory Committee Members)
5th issue (August 27, 2007)	21	2,100 shares of the Company's common stock	325,900	100	From August 28, 2007 to August 27, 2037	21 (2)	-
6th issue (November 25, 2008)	132	13,200 shares of the Company's common stock	73,400	100	From November 26, 2008 to November 25, 2038	101 (2)	31 (1)
7th issue (August 10, 2009)	82	8,200 shares of the Company's common stock	140,800	100	From August 11, 2009 to August 10, 2039	65 (2)	17 (1)
8th issue (July 14, 2010)	79	7,900 shares of the Company's common stock	152,700	100	From July 15, 2010 to July 14, 2040	63 (2)	16 (1)
9th issue (March 19, 2012)	129	12,900 shares of the Company's common stock	203,700	100	From March 20, 2012 to March 19, 2042	89 (2)	40 (1)
10th issue (August 23, 2012)	184	18,400 shares of the Company's common stock	172,600	100	From August 24, 2012 to August 23, 2042	134 (3)	50 (1)
11th issue (August 1, 2013)	242	24,200 shares of the Company's common stock	163,200	100	From August 2, 2013 to August 1, 2043	189 (3)	53 (1)
12th issue (August 1, 2014)	419	41,900 shares of the Company's common stock	118,300	100	From August 2, 2014 to August 1, 2044	346 (3)	73 (1)
13th issue (July 28, 2015)	523	52,300 shares of the Company's common stock	104,000	100	From July 29, 2015 to July 28, 2045	425 (4)	98 (1)
14th issue (July 29, 2016)	683	68,300 shares of the Company's common stock	121,300	100	From July 30, 2016 to July 29, 2046	586 (5)	97 (1)
15th issue (July 27, 2017)	384	38,400 shares of the Company's common stock	168,100	100	From July 28, 2017 to July 27, 2047	384 (5)	-
16th issue (April 23, 2018)	517	51,700 shares of the Company's common stock	164,400	100	From April 24, 2018 to April 23, 2048	517 (5)	-

Notes:

1. No subscription rights to shares have been granted to External Directors.
2. Subscription rights to shares held by Directors who are Audit and Supervisory Committee Members were granted when these individuals were Directors other than those who are Audit and Supervisory Committee Members or Officers.

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

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

Issue number (date of issue)	Number of subscription rights to shares	Type and number of shares to be issued	Issue price per right (yen)	Exercise price per right (yen)	Exercise period	Number of persons granted
16th issue (April 23, 2018)	701	70,100 shares of the Company's common stock	164,400	100	From April 24, 2018 to April 23, 2048	15

(iii) Other subscription rights to shares actually issued

None

(3) Matters relating to Directors

(i) Directors (as of March 31, 2019)

Position	Name	Business in charge and important concurrent positions outside the Company
* President Director	Kazuo Ushida	Officer in charge of Business Development Division, Optical Engineering Division and Research & Development Division
* Director (Senior Executive Vice President, CFO)	Masashi Oka	Officer in charge of Internal Audit Department, Officer in charge of Corporate Strategy Division and General Manager of the division, Officer in charge of Finance & Accounting Division and Intellectual Property Division
Director (Senior Vice President)	Yasuyuki Okamoto	Officer in charge of Healthcare Business Unit
Director (Senior Vice President)	Takumi Odajima	General Manager of Human Resources & Administration Division Officer in charge of Risk Management
Director (Senior Vice President)	Satoshi Hagiwara	General Manager of Finance & Accounting Division and Deputy General Manager of Corporate Strategy Division
Director	Akio Negishi	Director, President, Representative Executive Officer of Meiji Yasuda Life Insurance Company
Director (Full-time Audit and Supervisory Committee Member)	Takaharu Honda	-
Director (Full-time Audit and Supervisory Committee Member)	Atsushi Tsurumi	-
Director (Audit and Supervisory Committee Member)	Haruya Uehara	Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation Outside Director of KOITO MANUFACTURING CO., LTD. Outside Audit & Supervisory Board Member of Mitsubishi Research Institute, Inc.
Director (Audit and Supervisory Committee Member)	Hiroshi Hataguchi	Attorney at law External Director of SOSHIN ELECTRIC CO., LTD.
Director (Audit and Supervisory Committee Member)	Kunio Ishihara	Counsellor of Tokio Marine & Nichido Fire Insurance Co., Ltd. Outside Corporate Auditor of TOKYU CORPORATION Outside Director of Japan Post Holdings Co., Ltd.

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Notes:

- * indicates Representative Directors.
- ** indicates a Director who is an Audit and Supervisory Committee Member newly elected at the 154th Annual General Shareholders' Meeting held on June 28, 2018.
- Akio Negishi, Haruya Uehara, Hiroshi Hataguchi, and Kunio Ishihara are External Directors. The Company has submitted Independent Directors/Auditors Notifications to the Tokyo Stock Exchange, Inc. designating these four individuals as independent directors as stipulated in the Tokyo Stock Exchange, Inc. Securities Listing Regulations.
- Takaharu Honda and Atsushi Tsurumi were selected as Directors who are Full-time Audit and Supervisory Committee Members. For the purpose of securing the effectiveness of the activities of the Audit and Supervisory Committee, both of these Directors attend important meetings such as the Executive Committee and various committees in an effort to accurately understand and audit the status of business execution. They also perform the audit and supervisory functions necessary to ensure that the Directors' performance of duties is in compliance with laws and regulations, as well as the Company's Articles of Incorporation, and that corporate operations are properly carried out, through monitoring and verification of the development and operational status of the internal control system, including internal controls over financial reporting.
- Atsushi Tsurumi, Director who is an Audit and Supervisory Committee Member, has a long-term experience in the accounting division at the Company. Accordingly, he has considerable knowledge involving finance and accounting.
- The Company has transaction relationships with the following companies, which are concurrently served by External Directors. Additionally, the amount of payment to each of the companies accounts for less than 2% of consolidated net sales of each of the companies.
- Loans from Meiji Yasuda Life Insurance Company

- Entrustment of pension plan assets to Mitsubishi UFJ Trust and Banking Corporation
 - Insurance transaction with The Tokio Marine & Nichido Fire Insurance Co., Ltd.
7. Koichi Fujiu retired as Director who is an Audit and Supervisory Committee Member at the conclusion of the 154th Annual General Shareholders' Meeting held on June 28, 2018 due to expiration of his term.

(Reference)

The Company uses the Executive Officer System. The table on page 32 shows Directors who also serve as Officers. Officers who are not Directors were as follows as of March 31, 2019.

Position	Name	Duties
Senior Vice President	Toshikazu Umatate	General Manager of Semiconductor Lithography Business Unit, Officer in charge of Technology Strategy and Precision Components & Modules Business Unit
Senior Vice President	Tomohide Hamada	General Manager of FPD Lithography Business Unit, Officer in charge of Industrial Metrology Business Unit, Customized Products Business Unit and Encoder Business Unit
Senior Vice President	Nobuyoshi Gokyu	General Manager of Imaging Business Unit
Senior Vice President	Kiyoyuki Muramatsu	Assistant to President
Corporate Vice President	Toru Iwaoka	President of Nikon Europe B.V.
Corporate Vice President	Kenji Yoshikawa	Deputy General Manager of Corporate Strategy Division
Corporate Vice President	Jun Nagatsuka	General Manager of Production Technology Division
Corporate Vice President	Hiroyuki Hiraiwa	General Manager of Glass Business Unit
Corporate Vice President	Naoya Sugimoto	Corporate Strategy Division
Corporate Vice President	Tadashi Nakayama	General Manager of Industrial Metrology Business Unit
Corporate Vice President	Makoto Shintani	Deputy General Manager of Healthcare Business Unit
Corporate Vice President	Masato Hamatani	General Manager of Healthcare Business Unit
Corporate Vice President	Hiroyuki Suzuki	General Manager of Information Security Division and IT Solutions Division
Corporate Vice President	Hiroyuki Ikegami	Sector Manager of Development Sector, Imaging Business Unit
Corporate Vice President	Tetsuya Morimoto	Department Manager of Business Planning Department, Imaging Business Unit
Corporate Vice President	Juro Kimpara	Deputy General Manager of FPD Lithography Business Unit

(ii) Outline of contents of liability limitation agreement

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

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

(iii) Compensation for Directors

Category	Fixed compensation		Performance-based compensation		Stock compensation		Total	
	Fixed monthly compensation		Bonuses		Subscription rights to shares granted as stock-related compensation			
	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 other than those who are Audit and Supervisory Committee Members (of which External Directors)	6 (1)	253 (13)	5 (-)	133 (-)	5 (-)	85 (-)	6 (1)	472 (13)
Directors who are Audit and Supervisory Committee Members (of which External Directors)	6 (3)	93 (40)	-	-	-	-	6 (3)	93 (40)
Total	12	346	5	133	5	85	12	564

Notes:

1. The number of persons and the amount of compensation pertaining to Directors who are Audit and Supervisory Committee Members shown above include one Director who is an Audit and Supervisory Committee Member (none of whom is External Director) who retired at the conclusion of the 154th Annual General Shareholders' Meeting held on June 28, 2018 and the amount of compensation pertaining to the said Director.
2. The amount of subscription rights to shares granted as stock-related compensation shown above indicates the amount of compensation, etc. concerning subscription rights to shares granted to Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) recorded as expenses during the fiscal year.
3. The amount of bonuses shown above indicates the total amount of bonuses for Directors other than those who are Audit and Supervisory Committee Members (excluding Non-Executive Directors) resolved at the Board of Directors' meeting held on May 17, 2019 after deliberation by the Compensation Committee.
4. In accordance with the restructuring announced in November 2016, the Company decided to discontinue the "Medium-Term Management Plan Update" announced in 2015. Therefore, the Company did not pay a portion of performance-based compensation, or the performance-based stock **remuneration** linked to said Medium-Term Management Plan.
5. The Audit and Supervisory Committee has reported that there are no matters to be addressed with regard to compensation, etc. to Directors other than those who are Audit and Supervisory Committee Members.

(iv) Basic policies and procedures for compensation of Directors

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

a. Basic policies

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

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

b. Compensation system and performance-based structure

A) The compensation system for Executive Directors and Officers is comprised of the following items. The distribution ratio for compensation is determined by changing the percentages of fixed monthly compensation and performance-based compensation according to positions and duties.

- “Fixed monthly compensation”
Monetary compensation not based on performance.
- “Bonuses”
This monetary compensation is based on the degree of accomplishment and qualitative assessment of the capital efficiency and profitability of the Group as a whole and divisions in charge on a single-year basis, and is determined within the range of 0% to 200% of the standard payment.
- “Performance-based stock **remuneration**”
Stock compensation is determined within the range of 0% to 150% in accordance with achievement of consolidated operating income, etc. for the final fiscal year of the Medium-Term Management Plan to be resolved per each three fiscal years with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of medium- and long-term performance.
- “Subscription rights to shares granted as stock-related compensation”
Subscription rights to shares are granted with the aims of sharing value with shareholders and enhancing willingness and morale for improvement of long-term performance, within the range not exceeding 5% of the share dilution ratio.

B) The compensation system for Non-Executive Directors consists only of fixed monthly compensation.

c. Method for determining compensation level and amount

The Compensation Committee discusses and advises on related systems in order to determine the level and system appropriate to the duties on account of compensation levels of major Japanese companies that globally develop their businesses so as to determine the compensation amount consistent with the performance of the Group and its business scale.

The Compensation Committee consists of the Representative Directors, as well as External Directors and external experts, who comprise a majority and discusses the establishment of executive compensation policies, consideration of the compensation system, and specific calculation method. Based on the results of the discussions, compensation for Directors other than those who are Audit and Supervisory Committee Members is determined by a resolution of the Board of Directors, and compensation for Directors who are Audit and Supervisory Committee Members is determined by consultation among directors on the Audit and Supervisory Committee.

(v) Matters relating to External Directors

a. Relationships between organizations where important concurrent positions are held and the Company Information is shown in “(i) Directors” on page 32.

b. Major activities during the fiscal year

Name	Category	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee
Akio Negishi	Director	14 of 14	-
Haruya Uehara	Director (Audit and Supervisory Committee Member)	13 of 14	10 of 10
Hiroshi Hataguchi	Director (Audit and Supervisory Committee Member)	14 of 14	10 of 10
Kunio Ishihara	Director (Audit and Supervisory Committee Member)	13 of 14	8 of 10

- Each of the External Directors used their extensive knowledge of management or expertise as an attorney, etc. to proactively make remarks from the perspective independent of business execution, concerning matters under consideration by the Board of Directors and the contents of reports.

(4) Matters relating to Accounting Auditor

(i) Name: Deloitte Touche Tohmatsu LLC

(ii) Amount of remuneration, etc.

	Amount
Total amount of remuneration, etc. of Accounting Auditor during the fiscal year under review	111 million yen
Total amount of money and other properties which the Company and its subsidiaries should pay in remuneration of Accounting Auditor for their services to the Company and its subsidiaries during the fiscal year under review	159 million yen

Notes:

1. The Audit and Supervisory Committee determined, after carrying out necessary verifications of whether the content of the Accounting Auditors' audit plans, execution of duties of audits up until the previous fiscal year, and the calculation basis for the remuneration estimate for the fiscal year are appropriate, that the remuneration for Accounting Auditors is reasonable, and has given its consent pursuant to Article 399, Paragraph 1 of the Companies Act.
2. Major overseas subsidiaries of the Company are audited (only auditing subject to the provisions of overseas laws and regulations similar to Japanese Companies Act or Japanese 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).
3. In the audit contract with the Accounting Auditor, auditing compensation amounts for auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act are not separated. Because they essentially cannot be separated, the amount stated in the upper line of the above table is found from adding them together.
4. During the fiscal year under review, the Company has not paid remuneration to the Accounting Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

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

The Audit and Supervisory Committee can terminate the Accounting Auditor with the unanimous consent of the Audit and Supervisory Committee Members in cases where it has been determined that actions by the Accounting Auditor apply to any item of Article 340, Paragraph 1 of the Companies Act.

In addition, even if the actions of the Accounting 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 Accounting 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 Accounting Auditor or not renew the contract at the General Shareholders' Meeting, in accordance with the decision of the Audit and Supervisory Committee.

(5) Framework to ensure fair business activity

[Details of the Resolution]

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

- (i) A framework to ensure that performance of duties of directors, etc. and employees of the Group is in compliance with relevant laws and regulations as well as the articles of incorporation
 - a. In order to permeate and establish awareness of corporate ethics, we have established the "Nikon Code of Conduct", which shows the Group's basic stance on corporate social responsibility and the standards of behavior to ensure sensible conduct by directors, officers and employees of the Group, based on a high level of morality, pursuant to relevant laws and regulations as well as 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 in order to ensure legitimate, fair, and sound corporate behavior.
 - c. Regarding elimination of anti-social forces and groups, we have defined our basic approach in the "Nikon Code of Conduct". Additionally, we are establishing a system to liaison with attorneys and police forces, to take steadfast action as an organization.
 - d. The "Basic Policy on internal control over financial reporting" has been established to ensure credibility of financial reporting by the Group. Frameworks to enable the foregoing are being prepared and improved.
 - e. Internal Audit Department has been established as an independent organization. This Department examines whether operations within the Group are conducted in compliance with relevant laws and regulations as well as internal regulations, and when necessary, makes recommendations as to how such operations can be improved.
 - f. Structures are established and administered in order to fully implement compliance by the Group and prevent or correct behaviors that violate social regulations or corporate ethics. The "Code of Conduct Hotline" is being created as the report/consultation system in this respect.

- (ii) A framework to ensure an efficient performance of duties, etc. by directors of the Group
 - a. At our company and domestic subsidiaries, 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. Rules of authority clearly define the scope of authority and responsibility for each post as well as each organization within the Group and are administered, to ensure organized and efficient performance of duties.
 - c. Meeting structures such as the "Executive Committee", as well as other committees and meeting bodies are established and are administered at our company to enable efficient decision-making and performance of duties for the Group by directors of our company.

Among such organizations, the Executive Committee primarily consists of full-time directors, deliberates about and resolves major issues regarding management, general internal controls, and guidelines about general operations of the company's business, in accordance with the basic direction of management as determined by the Board of Directors. Major issues are reported to the Executive Committee by each department.

- d. In accordance with our corporate philosophy of "Trustworthiness & Creativity", management targets of the Group 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 divisional organization. A meeting is regularly held to examine business issues and responses to them. The achievement level of annual targets is evaluated and validated based on the "Achievement Evaluation System".
- (iii) A framework aimed at preservation and control of information relating to the performance of duties by directors of our company
- a. Information regarding resolutions, decisions, and reports pertaining to performance duties by directors of our company are preserved in documentary format and until such time as provided in the "Regulations of the Board of Directors", the "Regulations of the Executive Committee", and the "Nikon Group Information Management Rules". The information control system is designed to allow access, when needed, from directors, as well as accounting auditors.
 - b. As for security of information, Information Security Division controls centralized management for information management within the Group and manages coordination and reinforcement of an information management framework within the Group. Further, the common rules in the Group are being established and these 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 directors, officers and employees within the Group.
- (iv) A framework including rules concerning risk of the Group 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 are developing a framework to appropriately control risks surrounding the Group by ascertaining risks based on expert knowledge in committees, including the "CSR Committee," the "Export Control Committee," the "Quality Committee," and the "Environmental Committee," and establishing rules to address each risk and ensuring compliance with these rules.
 - b. A framework is in place whereby Internal Audit Department audits the status of risk control by the above committees, evaluates its effectiveness, and reports to the Board of Directors through the representative director when necessary, so that corrective measures can be implemented.
- (v) A framework regarding reporting to our company of matters related to performance of duties by directors of subsidiaries
- A framework is being placed for important matters at subsidiaries to be reported and decided upon by our company in compliance with the "Decision and Reporting Rules for Subsidiaries".
- (vi) Implementation of matters concerning employees assisting the Audit and Supervisory Committee of our company, matters concerning these employees' independence from other directors (excluding

directors who are Audit and Supervisory Committee members), and a framework to ensure effectiveness of instructions given to these employees by the Audit and Supervisory Committee

- a. Several employees are appointed as dedicated assistants to the Audit and Supervisory Committee who act in obedience to orders of the Audit and Supervisory Committee of our company in order to ensure an efficient procedure of the Audit and Supervisory Committee as well as to ensure the increased effectiveness of the audit.
- b. Orders given by the Audit and Supervisory Committee to the assistants, transfer of the assistants, and evaluation of the assistants' performance are ensured to be independent of officers who assume executive responsibilities.

(vii) A reporting framework for directors of the Group to the Audit and Supervisory Committee of our company, for other reporting to the Audit and Supervisory Committee of our company, and to ensure that reporting parties do not receive negative treatment as a result of such reports

- a. An Audit and Supervisory Committee member of our company has the authority to attend major meetings. This ensures that the Audit and Supervisory Committee members have opportunities to constantly understand the status of operations and the decision-making process of the Group.
- b. A framework is being developed to ensure appropriate and effective reporting to the Audit and Supervisory Committee of our company 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 Audit and Supervisory Committee 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 Audit and Supervisory Committee of our company. The Audit and Supervisory Committee of our company maintains close coordination with Internal Audit Department by measures including requesting, if necessary, further investigations by Internal Audit Department.
- d. We ensure that parties who make reports to the Audit and Supervisory Committee of our company do not receive negative treatment, including provisions in place within the "Confidentiality Rules of the Code of Conduct Hotline" to forbid retaliation against parties that make reports to the "Code of Conduct Hotline", the report/consultation system.

(viii) Matters regarding policies related to processing expenses or liabilities arising from performance of duties by Audit and Supervisory Committee members of our company

Expenses related to the duties of Audit and Supervisory Committee members of our company are budgeted annually to a certain amount by request of Audit and Supervisory Committee, and for necessary expenses, our company makes payments that are in excess of the budget, pursuant to laws and regulations. Additionally, our company also makes payments, as required, for expenses required to appoint outside specialists.

(ix) A framework to ensure effective audit by the Audit and Supervisory Committee of our company

- a. While ensuring independence of the Audit and Supervisory Committee of our company from management functions, this framework enables Audit and Supervisory Committee members of our company 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. The Audit and Supervisory Committee of our company hold regular meetings with accounting auditors, to actively exchange opinions and information.

[Outline of Operational Status]

(i) Status of compliance

- The Group conducted the education on “Nikon Code of Conduct” revised in January 2018 to all officers and employees, and strove to spread the code.
- The Group conducted a global awareness survey in the Group and gave feedback on the survey results to each workplace as well as providing guidance for improvement as needed.
- The Group provided education related to competition laws both in Japan and overseas in efforts to strengthen compliance.
- The Group reported the status of compliance promotion activities such as various compliance education programs and the awareness survey, etc. to the Business Conduct Committee and gave feedback to each division to improve and enhance the compliance awareness.
- The Group strove to spread the Code of Conduct Hotline, while appropriately handling matters reported to the Hotline.

(ii) Status of risk management

- The Risk Management Committee was held twice a year within the Group.
- The Group performs risk assessment, creates a “risk map” that displays the results with impact scale and event probability. For items assessed as high risk, the Group considers risk reduction measures, etc. The risk map is continuously updated, and changes over time are visualized. In addition, the results of these activities were reported to the Board of Directors.

(iii) Status of group management

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

(iv) Execution of duties by Audit and Supervisory Committee Members

- Audit and Supervisory Committee Members attend important meetings such as “Executive Committee” , understand the status of management, and supervise the process and content of decision making.
- Audit and Supervisory Committee Members audit each division, subsidiary, etc., and check the development and operational status of the internal control system.
- Audit and Supervisory Committee Members exchange opinions with the Representative Directors, share auditing issues, and request corrections as needed.
- Audit and Supervisory Committee Members have the periodical opportunity to exchange opinions with the Internal Audit Department in charge of internal audits and Independent Auditors to strengthen cooperation. Audit and Supervisory Committee Members also strive to conduct effective audits by sharing information with each division as needed.

The amount stated and number of shares in this business report are presented by rounding numbers down to the specified units.

Consolidated Statement of Financial Position

(As of March 31, 2019)

(Million yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets		Current liabilities	
Cash and cash equivalents	411,055	Trade and other payables	96,493
Trade and other receivables	115,847	Bonds and borrowings	14,400
Inventories	253,336	Income tax payables	8,222
Other current financial assets	3,145	Advances received	192,862
Other current assets	15,306	Provisions	5,619
Total current assets	798,689	Other current financial liabilities	27,006
		Other current liabilities	38,961
Non-current assets		Total current liabilities	383,564
Property, plant and equipment	116,119	Non-current liabilities	
Goodwill and intangible assets	59,176	Bonds and borrowings	112,010
Net defined benefit assets	5,097	Net defined benefit liabilities	9,031
Investments accounted for using the equity method	9,748	Provisions	4,944
Other non-current financial assets	91,263	Deferred tax liabilities	4,063
Deferred tax assets	51,383	Other non-current financial liabilities	2,140
Other non-current assets	3,508	Other non-current liabilities	2,507
Total non-current assets	336,296	Total non-current liabilities	134,695
		Total liabilities	518,259
		EQUITY	
		Capital stock	65,476
		Capital surplus	81,424
		Treasury stock	(13,044)
		Other components of equity	(19,992)
		Retained earnings	502,056
		Equity attributable to owners of the parent	615,920
		Non-controlling interests	806
		Total equity	616,726
Total assets	1,134,985	Total liabilities and equity	1,134,985

Consolidated Statement of Profit or Loss

(From April 1, 2018 to March 31, 2019)

(Million yen)

Item	Amount
Revenue	708,660
Cost of sales	(405,250)
Gross profit	303,410
Selling, general and administrative expenses	(238,561)
Other income	21,912
Other expenses	(4,107)
Operating profit	82,653
Finance income	7,333
Finance costs	(3,833)
Share of the profit of investments accounted for using the equity method	1,762
Profit before income taxes	87,915
Income tax expenses	(21,318)
Profit for the year	66,597
Attributable to:	
Owners of the parent	66,513
Non-controlling interests	84
Profit for the year	66,597

Consolidated Statement of Changes in Equity

(From April 1, 2018 to March 31, 2019)

(Million yen)

	Equity attributable to owners of the parent					
	Capital Stock	Capital surplus	Treasury stock	Other components of equity		
				Gain (loss) on financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit pension plans	Share of other comprehensive income (loss) of investments accounted for using the equity method
As of April 1, 2018	65,476	81,333	(13,152)	12,726	-	(799)
Profit for the year	-	-	-	-	-	-
Other comprehensive income	-	-	-	(4,594)	(999)	(9)
Total comprehensive income for the year	-	-	-	(4,594)	(999)	(9)
Dividends	-	-	-	-	-	-
Acquisition and disposal of treasury stock	-	(0)	(3)	-	-	-
Share-based payments	-	91	111	-	-	-
Changes in the ownership interest in subsidiaries	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	413	999	(27)
Total transactions with owners	-	91	108	413	999	(27)
As of March 31, 2019	65,476	81,424	(13,044)	8,544	-	(835)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total			
	Exchange differences on translation of foreign operations	Effective portion of the change in fair value on cash flow hedges	Total					
As of April 1, 2018	(30,406)	169	(18,310)	457,561	572,908	633	573,541	
Profit for the year	-	-	-	66,513	66,513	84	66,597	
Other comprehensive income	2,683	(147)	(3,066)	-	(3,066)	(10)	(3,076)	
Total comprehensive income for the year	2,683	(147)	(3,066)	66,513	63,447	73	63,520	
Dividends	-	-	-	(20,634)	(20,634)	(40)	(20,674)	
Acquisition and disposal of treasury stock	-	-	-	-	(3)	-	(3)	
Share-based payments	-	-	-	-	202	-	202	
Changes in the ownership interest in subsidiaries	-	-	-	-	-	139	139	
Transfer from other components of equity to retained earnings	-	-	1,384	(1,384)	-	-	-	
Total transactions with owners	-	-	1,384	(22,018)	(20,435)	99	(20,336)	
As of March 31, 2019	(27,723)	21	(19,992)	502,056	615,920	806	616,726	

Non-Consolidated Balance Sheet

(As of March 31, 2019)

(Million yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	491,002	Current liabilities	324,077
Cash and deposits	241,297	Notes payable - trade	377
Notes receivable - trade	9,999	Electronically recorded obligations - operating	18,187
Accounts receivable - trade	34,049	Accounts payable - trade	52,978
Finished goods	48,850	Short-term loans payable	12,200
Semi-finished goods	2,097	Current portion of long-term loans payable	2,200
Raw materials	38	Lease obligations	312
Work in process	97,657	Accounts payable - facilities	3,937
Supplies	8,811	Accrued expenses	22,560
Short-term loans receivable from subsidiaries and associates	16,496	Income taxes payable	4,524
Accounts receivable - other	30,633	Advances received	166,588
Other	1,077	Deposits received	36,162
Allowance for doubtful accounts	(1)	Provision for product warranties	2,869
		Other	1,184
Non-current assets	304,989	Non-current liabilities	115,591
Property, plant and equipment	54,113	Bonds payable	30,000
Buildings	19,106	Long-term loans payable	82,196
Structures	664	Lease obligations	525
Machinery and equipment	13,277	Asset retirement obligations	2,298
Vehicles	58	Other	573
Tools, furniture and fixtures	7,001		
Land	9,683	Total liabilities	439,668
Leased assets	776		
Construction in progress	3,547	(Net assets)	
Intangible assets	12,429	Shareholders' equity	336,192
Software	8,559	Capital stock	65,476
Other	3,871	Capital surplus	80,712
		Legal capital surplus	80,712
Investments and other assets	238,447	Retained earnings	203,049
Investment securities	81,130	Legal retained earnings	5,565
Shares of subsidiaries and associates	94,535	Other retained earnings	197,483
Investments in capital	3	Reserve for research and development	2,056
Investments in capital of subsidiaries and associates	15,314	Reserve for reduction entry of replaced property	4,495
Long-term loans receivable from subsidiaries and associates	1,800	Reserve for reduction entry	3,835
Long-term loans receivable from employees	0	General reserve	111,211
Prepaid pension cost	2	Retained earnings brought forward	75,886
Deferred tax assets	38,382	Treasury shares	(13,044)
Other	7,290	Valuation and translation adjustments	18,306
Allowance for doubtful accounts	(9)	Valuation difference on available-for-sale securities	18,277
		Deferred gains or losses on hedges	29
		Subscription rights to shares	1,825
		Total net assets	356,323
Total assets	795,991	Total liabilities and net assets	795,991

Non-Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Million yen)

Item	Amount	
Net sales		509,530
Cost of sales		351,768
Gross profit		157,762
Selling, general and administrative expenses		128,319
Operating income		29,443
Non-operating income		
Interest and dividend income	16,720	
Other	5,771	22,491
Non-operating expenses		
Interest expenses	1,431	
Other	4,168	5,599
Ordinary income		46,335
Extraordinary income		
Gain on sales of non-current assets	37	
Gain on sales of investment securities	332	
Settlement income from legal proceedings over patents	18,740	19,108
Extraordinary losses		
Loss on sales of non-current assets	16	
Impairment loss	325	
Loss on sales of investment securities	5	
Loss on valuation of investment securities	217	
Restructuring expenses	505	
Loss on liquidation of subsidiaries and associates	930	1,998
Profit before income taxes		63,444
Income taxes - current	7,532	
Income taxes - deferred	4,296	11,828
Profit		51,616

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2018 to March 31, 2019)

(Million yen)

	Shareholders' equity									
	Capital stock	Capital surplus	Retained earnings						Treasury shares	Total shareholders' equity
		Legal capital surplus	Legal retained earnings	Other retained earnings				Retained earnings brought forward		
				Reserve for research and development	Reserve for reduction entry of replaced property	Reserve for reduction entry	General reserve			
Balance as of April 1, 2018	65,476	80,712	5,565	2,056	4,778	4,047	111,211	44,467	(13,152)	305,158
Changes of items during period										
Reversal of reserve for reduction entry of replaced property					(282)			282		-
Reversal of reserve for reduction entry						(212)		212		-
Dividends from surplus								(8,730)		(8,730)
Dividends from surplus (Interim dividends)								(11,904)		(11,904)
Profit								51,616		51,616
Purchase of treasury stock									(3)	(3)
Disposal of treasury stock								(57)	112	54
Net changes of items other than shareholders' equity										
Total changes of items during period	-	-	-	-	(282)	(212)	-	31,420	108	31,034
Balance as of March 31, 2019	65,476	80,712	5,565	2,056	4,495	3,835	111,211	75,886	(13,044)	336,192

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance as of April 1, 2018	22,620	146	22,766	1,677	329,601
Changes of items during period					
Reversal of reserve for reduction entry of replaced property					-
Reversal of reserve for reduction entry					-
Dividends from surplus					(8,730)
Dividends from surplus (Interim dividends)					(11,904)
Profit					51,616
Purchase of treasury stock					(3)
Disposal of treasury stock					54
Net changes of items other than shareholders' equity	(4,343)	(117)	(4,460)	148	(4,312)
Total changes of items during period	(4,343)	(117)	(4,460)	148	26,721
Balance as of March 31, 2019	18,277	29	18,306	1,825	356,323

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

INDEPENDENT AUDITOR'S REPORT

May 13, 2019

To the Board of Directors of
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

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

Hitoshi Matsumoto (seal)

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

Masato Shoji (seal)

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

Yuji Ujigawa (seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2019 of NIKON CORPORATION (the "Company") and its consolidated subsidiaries, and the consolidated statement of profit or loss, statement of changes in equity for the fiscal year from April 1, 2018 to March 31, 2019, 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 pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, 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, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations for the year then ended.

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 13, 2019

To the Board of Directors of
NIKON CORPORATION:

Deloitte Touche Tohmatsu LLC

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

Hitoshi Matsumoto (seal)

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

Masato Shoji (seal)

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

Yuji Ujigawa (seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2019 of NIKON CORPORATION (the "Company"), and the related statements of income and changes in net assets for the 155th fiscal year from April 1, 2018 to March 31, 2019, 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 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 accompanying supplemental schedules 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 entity's

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 entity's 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, 2019, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Interest

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

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

Audit Report

The Audit and Supervisory Committee has audited the performance of the Directors' duties for the 155th term (April 1, 2018 to March 31, 2019). This Report was prepared from the unanimous opinions of all the Audit and Supervisory Committee Members, and the methods and results are as follows.

1. Method and Contents of Audit

- (1) The Audit and Supervisory Committee has received reports on a regular basis from the Directors and employees, etc. with respect to the content of the resolutions at the Board of Directors' meeting relating to the matters set out in Article 399-13, Paragraph 1, items (1) (b) and (c) of the Companies Act and the systems (internal control systems) established based on such resolutions, the status of their development and operation, requested explanations as necessary, and has expressed its opinions. Regarding internal controls over financial reporting under the Financial Instruments and Exchange Act, reports have been received from the Directors and Deloitte Touche Tohmatsu LLC with respect to the state of assessments and audits of those internal controls, and explanations were requested as necessary.
- (2) In conformity with the Audit and Supervisory Committee auditing standards established by the Audit and Supervisory Committee, and in accordance with audit policies, audit plans and assignment of duties, etc., in cooperation with the Internal Audit Department and other related departments, each Audit and Supervisory Committee Member has attended important meetings, received reports on the status of performance of duties from the Directors and other employees, etc. and requested explanations as necessary, examined important documents, etc. and inspected the status of the corporate affairs and assets at the head office and other principal business locations. With respect to the subsidiaries, each Audit and Supervisory Committee Member endeavored to facilitate a mutual understanding and exchange of information with the Directors and Corporate Auditors, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
- (3) Each Audit and Supervisory Committee Member 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 Audit and Supervisory Committee Member 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 Rules of Corporate Accounting) 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 Audit and Supervisory Committee Member examined the Business Report and its annexed detailed statements thereto, the consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements, which were prepared omitting certain disclosure items required by the International Financial Reporting Standards as allowed by the provision set forth in the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting) as well as the financial statements (balance sheet, statement of income, statement of changes in net assets and notes to financial statements) and their annexed detailed statements thereto for the fiscal year.

2. Results of Audit

- (1) Results of Audit of Business Report, etc.
 - (i) We acknowledge that the business report and the annexed detailed statements thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of

Incorporation of the Company.

- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
 - (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the description of the Business Report and the Directors' performance of their duties concerning the internal control systems, including the internal controls over financial reporting.
- (2) Results of Audit of Consolidated Financial Statements
We acknowledge that the methods and results of the audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.
- (3) Results of Audit of Financial Statements and their Annexed Detailed Statements
We acknowledge that the methods and results of the audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 14, 2019

Audit and Supervisory Committee of NIKON CORPORATION

Full-time Audit and Supervisory Committee Member:	Takaharu Honda	(seal)
Full-time Audit and Supervisory Committee Member:	Atsushi Tsurumi	(seal)
Audit and Supervisory Committee Member:	Haruya Uehara	(seal)
Audit and Supervisory Committee Member:	Hiroshi Hataguchi	(seal)
Audit and Supervisory Committee Member:	Kunio Ishihara	(seal)

(Note) Audit and Supervisory Committee Members Haruya Uehara, Hiroshi Hataguchi and Kunio Ishihara are External Directors pursuant to Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.