



May 20, 2016

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Notice Concerning Partial Revision of Performance-based Stock Remuneration System  
for the Executive Directors, etc. of the Company

NIKON CORPORATION (“Company”) hereby announces, as described below, that it has introduced a performance-based stock remuneration system (“System”) as an incentive plan for the executive directors and officers of the Company (excluding external directors and non-full-time directors; collectively “Directors, etc.”) as from the fiscal year ended March 31, 2016 and implemented the incentive plan in the same fiscal year, based on the System (“Plan”). However, the Company resolved at its Board of Directors meeting held on May 20, 2016 to partially revise the System to forge a stronger link between compensation and performance.

This partial revision will not entail any changes in the substantive contents of the trust agreement pertaining to the Trust (provided in (2)(3) of (Reference) below; the same applies hereinafter), which has been already established.

The Company has decided on its transition to a company with an audit and supervisory committee, as announced in the “Notice Concerning Transition to a Company with an Audit and Supervisory Committee and Partial Amendments to the Articles of Incorporation” separately released today. The move is subject to approval at the 152nd Annual General Meeting of Shareholders to be held on June 29, 2016. Also at the meeting, the Company will submit a proposal on the System to come up with a new decision on the portion of remuneration for Directors other than Audit and Supervisory Committee Members after the transition, instead of the existing portion of remuneration for Directors.

The System will be partially revised as follows:

<Points to be revised>

Previously, a Director, etc. who became a non-eligible person because of his/her resignation or being a non-resident in Japan due to overseas assignments or any other reasons during the Target Period (“Withdrawal”) have received Delivery, etc. of Company Shares, etc. corresponding to the cumulative Share Granting Points. This was irrespective of the degree of accomplishment of business performance at the time when the Director, etc. became a Withdrawal (provided in (1) of (Reference) below; the same applies hereinafter). Now, however, the Company will also grant to the Withdrawal after the end of the Target Period, the Delivery, etc. of the Company Shares, etc. taking into account this degree of accomplishment. The details are as follows.

- (1) If an eligible Director, etc. for the System resigns during the Target Period of the System (excluding cases of resignation for personal reasons), such Director, etc. shall receive from the Trust, after the end of the Target Period, Delivery, etc. with regard to the Company Shares, etc. corresponding to the number of points calculated by multiplying the cumulative Share Granting Points up to the person's resignation by the performance-based-coefficient (see (6)(\*5) of (Reference) below; the same applies hereinafter).
- (2) If an eligible Director, etc. for the System becomes a non-resident in Japan during the Target Period of the System, the Director, etc. shall receive payouts from the Trust after the end of the Target Period with regard to money equivalent to the Company shares converted into cash corresponding to the number of points calculated by multiplying the cumulative Share Granting Points by the performance-based-coefficient as of the time the Director, etc. becomes a non-resident.

(Reference)

## Overview of the System and the Plan

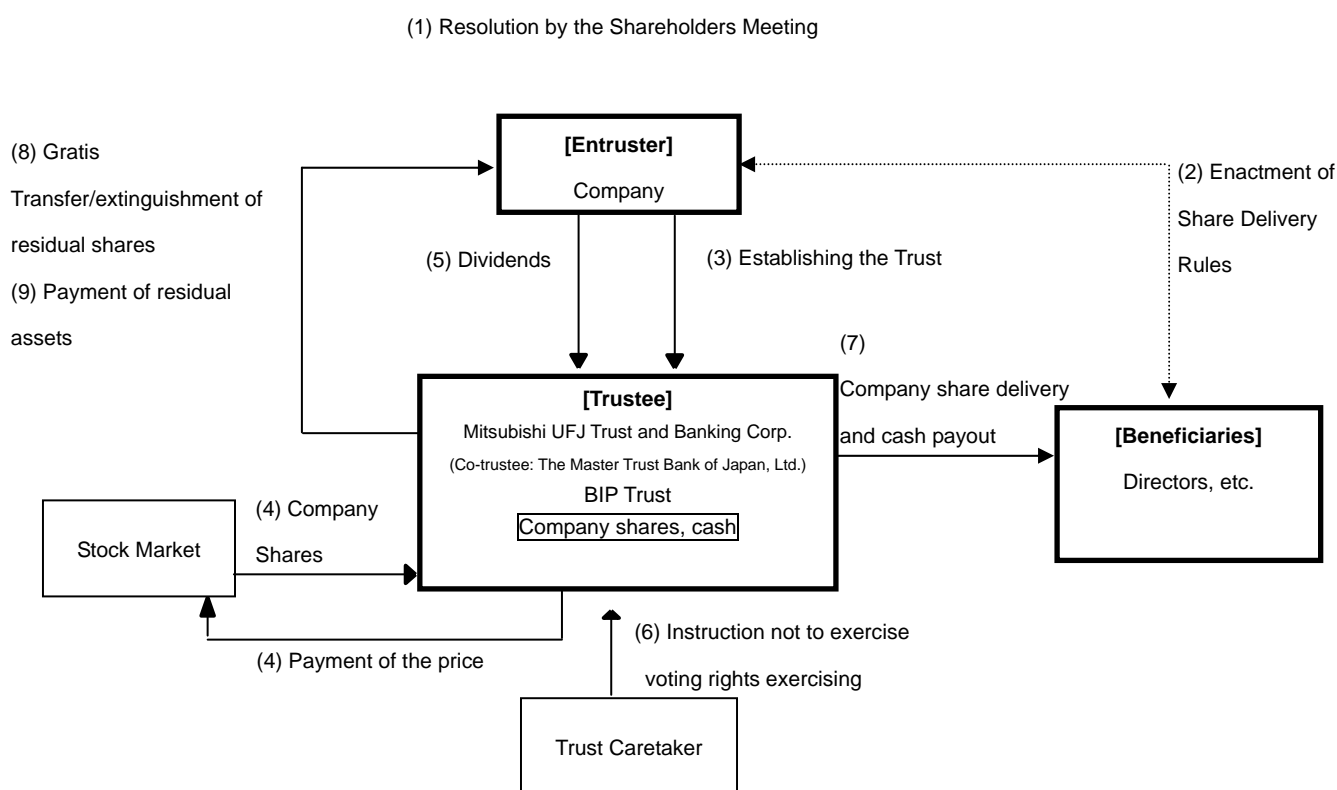
### (1) The System and the Plan Summary

The System is an incentive plan in which the delivery and payment (“Delivery, etc.”) of the Company shares and the cash equivalent of the conversion value of said shares (“Company Shares, etc.”) to the Directors, etc. as director remuneration will be conducted per every three years based on the degree of accomplishment of business performance in the final fiscal year of the Medium Term Management Plan.

Each incentive plan based on the System applies for three consecutive fiscal years (“Target Period”) from the fiscal year to which the date of the establishment of the trust or the date of the extension of the trust period belongs (“Base Fiscal Year”). The Target Period of the Plan will be for three fiscal years starting from the fiscal year that ends on March 31, 2016 up to the fiscal year that ends on March 31, 2018.

### (2) The System Structure

The System adopts a structure called the Board Incentive Plan Trust (“BIP Trust”) <sup>(\*)</sup>. The BIP Trust is a stock incentive plan reference to the Performance Share system and Restricted Stock system in the U.S., wherein the Company shares that are acquired by the BIP Trust will be delivered to the Company’s Directors, etc., based on the degree of the attainment of business performance goals, etc.



- (1) The Company has obtained approval for director remuneration in relation to the introduction of the System at the 151st Annual General Meeting of Shareholders held on June 26, 2015.
- (2) The Company has, at the Board of Directors meeting, enacted the Shares Delivery Rules concerning director remuneration in relation to the introduction of the System (the Company will partially revise the

Shares Delivery Rules in association with this revision).

- (3) The Company has entrusted money to the extent approved by the resolution at the 151st Annual General Meeting of Shareholders in (1) above, and established a trust ("Trust") wherein the Company's Directors, etc., who meet the beneficiary requirements, are beneficiaries.
- (4) The Trustee (of the Trust) acquires the Company shares from the stock market using money contributed in (3) above in accordance with the instructions of the trust caretaker.
- (5) Dividends of the Company shares in the Trust will be distributed as well as other Company shares.
- (6) The voting rights of Company shares in the Trust will not be exercised during the trust term.
- (7) During the trust term, the Directors, etc. who meet the beneficiary requirements will receive the Company shares according to the Shares Delivery Rules (in addition, the Directors, etc. will receive money equivalent to a certain percentage of the Company shares under the Trust by converting those shares into money according to the provisions of the trust agreement.).
- (8) If there are remaining shares at the expiry of the trust term due to non-achievement of performance targets or other reasons during the trust term, the trust may continue to be used as a type of incentive plan similar to the System by changing the trust agreement and entrusting additional money to the Trust, or the Trust may voluntarily convey said remaining shares to the Company and the Company may acquire them without payment and cancel the remaining shares by a resolution at the Board of Directors meeting.
- (9) Residual properties after distribution to beneficiaries at the end of the Trust will belong to the Company to the extent of allowances for trust expenses, which are calculated by deducting the funds to acquire Company shares from the trust money. The portion exceeding the allowances for trust expenses will be donated to groups that have no vested interest with the Company and the Company's Directors, etc.

(Note) If there are no remaining Company shares under the Trust due to the delivering of the Company shares to the Directors, etc., who meet the beneficiary requirements, the Trust will be discontinued before the expiry of the trust term. The Company may entrust additional money to the Trust as funds to acquire the additional Company shares and the Trust may acquire the additional Company shares to the extent of funds necessary to acquire the Company shares that were approved by a resolution of the 151st Annual General Meeting of Shareholders and the 152nd Annual General Meeting of Shareholders and to the extent of the maximum amount of the Company shares to be delivered (provided in (8), below).

### (3) Resolution of the Shareholders Meeting Related to the System

The 151st Annual General Meeting of Shareholders has resolved the upper limit of the amount to be paid to the Trust, the maximum amount of Company shares to be acquired and other necessary matters. The Company will submit a proposal, which will substantially have the same content as the proposal already resolved, required for procedural purposes in connection with the transition to a company with an audit and supervisory committee to the 152nd Annual General Meeting of Shareholders to be held on June 29, 2016. In addition, if the trust period is extended (see (5) below), the Board of Directors will resolve to change the trust agreement and entrust additional money to the Trust at the expiry of the trust term to the extent approved by resolutions at the 151st Annual General Meeting of Shareholders and the 152nd Annual General Meeting of Shareholders.

### (4) Eligibility under the System (Beneficiary Requirements)

The Delivery, etc. of the Company Shares, etc. to the Directors, etc. from the Trust will be conducted corresponding to the Share Granting Points (provided in (6) below) if the Directors, etc. have fulfilled the beneficiary requirements.

Beneficiary requirements of the System will be as follows:

- (i) a person who is in office as the Director, etc. as of the end of the Board of Directors meeting held after the end of an Annual Meeting of Shareholders for the Base Fiscal Year (in the Plan, the 151st Annual General Meeting of Shareholders); <sup>(\*1)</sup> <sup>(\*2)</sup> <sup>(\*3)</sup> <sup>(\*4)</sup>
- (ii) a person who resides in Japan;
- (iii) a person who does not fall within those who left office due to dismissal, etc., or who conducted certain illegal activities during their time in office;
- (iv) a person whose Share Granting Points provided in (6) below have been determined;
- (v) a person who satisfies other requirements deemed necessary to attain the aim of the System as a share remuneration system.

(\*1) If an eligible Director, etc. resigns (excluding cases of resignation for personal reasons), such Director, etc. shall receive from the Trust, after the end of the Target Period, Delivery, etc. with regard to the Company Shares, etc. corresponding to the number of points calculated by multiplying the cumulative Share Granting Points up to the person's resignation by the performance-based-coefficient.

(\*2) If an eligible Director, etc., passes away during his/her time in office as the Company's Director, etc., a successor of the Directors, etc. shall receive payouts from the Trust promptly with regard to money equivalent to Company shares converted into cash corresponding to the cumulative Share Granting Points as of death of the Directors, etc.

(\*3) If an eligible Director, etc. becomes a non-resident in Japan during the Target Period, the Director, etc. shall be treated in the same manner as those who resign and shall receive payouts from the Trust after the end of the Target Period with regard to money equivalent to the Company shares converted into cash corresponding to the number of points calculated by multiplying the cumulative Share Granting Points by the performance-based-coefficient.

(\*4) A person who newly becomes eligible for the System during the Target Period and is not eligible for the System at the end of the Board of Directors meeting held after the end of the Annual Meeting of Shareholders for the Base Fiscal Year (in the Plan, the 151st Annual General Meeting of Shareholders) shall not be eligible for the System during the Target Period. However, the person will be granted Share Granting Points in accordance with his/her service period in the same manner as an eligible Director, etc. Yet, if the Trust is continued as provided in (5) below, the Delivery, etc. of the Company Shares, etc. from the continued trust, corresponding to the Share Granting Points during the above Target Period, will take place, in addition to the Company Shares, etc. corresponding to the Share Granting Points granted during the period of the continued trust.

## (5) Trust Term

The trust term pertaining to the Plan will be about three years, from August 11, 2015 until the end of August 2018.

The Trust may be continued by changing the trust agreement and entrusting additional money at the expiration of the trust term. In such cases, the Company may further extend the trust term of the Trust, entrust additional money to the Trust per each extended trust term to the extent of the upper limit of trust money approved by the resolutions at the 151st Annual General Meeting of Shareholders and the 152nd Annual General Meeting of Shareholders, and continue the grant of Share Granting Points to Directors, etc., continuously during the extended trust term.

However, in cases where such additional entrustment is made and there are remaining Company shares (excluding Company shares to be delivered to Directors, etc., corresponding to the Share

Grating Points granted to the Directors, etc., which have not been delivered to the Directors, etc.) and money (collectively the “Remaining Company Shares, etc.”) in the trust assets as of the last day of the previous trust term, the total amount of the Remaining Company Shares, etc., and the additional contribution of trust money shall be within the upper limit of trust money approved by the resolutions at the 151st Annual General Meeting of Shareholders and the 152nd Annual General Meeting of Shareholders.

(6) Amount of the Company Shares to Be Delivered to the Directors, etc.

Points calculated in accordance with the points calculation formula defined below will be granted to the Directors, etc., as of June 1 (or the next business day in case June 1 is not a business day) every year during the trust term. The Company shares delivered to the Directors, etc., will be determined based on the number of points (“Share Granting Points”) which is calculated as of June after the end of the final fiscal year of the Medium Term Management Plan to be resolved per each three fiscal years (June 2018 in relation to the Plan) by multiplying the performance-based coefficient <sup>(5)</sup> to the three-year cumulative points after consideration of discussions and advice from the Compensation Committee consisting of the representative directors, external directors and external experts. One Share Granting Point equals to one share <sup>(6)</sup>.

(Points Calculation Formula)

Base compensation by title <sup>(7)</sup> x ratio by title <sup>(8)</sup> / average price per share acquired by the Trust (fractions after the decimal point to be rounded down)

(Share Granting Points)

Three-year cumulative points x performance-based coefficient

(\*5) The performance-based coefficient shall be determined within the range of 0% to 150% in accordance with achievement during in the final fiscal year (the fiscal year of 2017 in relation to the Plan) of the Medium Term Management Plan to be resolved per each three fiscal years.

(\*6) If events such as a share split or reverse share split occurs and the adjustment of the number of points during the trust term in accordance with such events is regarded as appropriate, such adjustment will be made in accordance with the relevant share split ratio or reverse share split ratio, etc.

(\*7/8) 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.

(7) Method and Timing of the Delivery, etc. of the Company Shares, etc. to the Directors, etc.

The Delivery, etc. of Company Shares, etc., corresponding to the Share Granting Points will be conducted in June after the end of the final fiscal year of the Medium Term Management Plan to be resolved per each three fiscal years (June 2018 in relation to the Plan) to eligible Directors, etc., who satisfy the beneficiary requirements.

(8) Amount of Trust Money to be paid to the Trust and Amount of the Company Shares to be delivered by the Trust

The upper limit of the amount of trust money entrusted to the Trust by the Company shall be 1.2 billion yen <sup>(9)</sup>.

(\*9) These are the total funds for the Trust acquired shares, as well as trust fees and trust expenses. The Company obtained the approval by the resolution at the 151st Annual General Meeting of Shareholders for an upper limit of 1.2 billion yen for the amount to be paid for the System. The Company will also submit a proposal, which will be substantially the same content as the proposal already resolved, to the 152nd Annual General Meeting of Shareholder. If it is so resolved, the Company may pay money to the Trust under the System up to said limit.

The total amount of the Company Shares, etc., to be delivered under the Trust pursuant to (6) above shall be up to 730 thousand shares. The maximum amount of the Company shares to be delivered has been determined based on the upper limit of trust money mentioned above and in reference to stock prices, etc.

(9) Method of acquiring the Company Shares by the Trust

The Trust will acquire the Company shares from the stock market to the extent of the funds to acquire shares and the maximum amount of the Company shares to be delivered, as specified in (8) above.

(10) Exercising Voting Rights Related to Company Shares in the Trust

Voting rights related to the Company shares in the Trust (namely Company shares, with respect to which Delivery, etc. has not been conducted yet pursuant to (7) above) will not be exercised during the trust term, to ensure the neutrality of the Company management.

(11) Treatment of Dividends Related to the Company Shares in the Trust

Dividends related to the Company shares in the Trust will be received by the Trust and used for trust fees and trust expenses.

(12) Treatment at the End of the Trust Term

If there are residual shares at the end of the trust term due to the non-attainment of business performance goals during the Target Period, the Trust may continue to be used as the same type of incentive plan as the performance-based stock remuneration system by changing the trust agreement and paying additional money to the Trust. If the Trust is terminated by the expiry of the trust term, the Trust will transfer said remaining shares to the Company without compensation and the Company will cancel said shares by a resolution at the Board of Directors meeting.

If there is a remainder of dividends at the end of the Trust Period, even after dividends are used for trust fees and trust expenses under the Trust, the remainder will be donated to groups that have no vested interest with the Company or the Directors, etc.