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NIKON CORPORATION
Stock Code Number: 7731
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Announcement of Allotment of Offered Stock Acquisition Rights
(Stock Compensation-type Stock Options)

NIKON CORPORATION (hereinafter referred to as "the Company"), at a meeting of its Board of Directors held today, determined the matters related to an offer for subscription of stock acquisition rights to be granted to its Executive Directors and Officers (hereinafter referred to as "Offered Stock Acquisition Rights") and resolved to solicit those persons to subscribe to Offered Stock Acquisition Rights, pursuant to Article 236, Article 238 and Article 240, of the Companies Act.

1. Reason for issuing stock acquisition rights for the granting of stock options

The Company grants stock options to 4 Executive Directors and 14 Officers of the Company to boost their morale and motivate them to improve the business performance of the Company.

2. Terms of stock acquisition rights

(1) Name of Offered Stock Acquisition Rights

No. 17 Stock Acquisition Rights issued by NIKON CORPORATION

(2) Total number of the Offered Stock Acquisition Rights

4,436 units

The total number of the Offered Stock Acquisition Rights shown above is the number to be allotted under the current plan. If the total number of Offered Stock Acquisition Rights actually allotted falls short of the number shown above because of shortage of subscriptions, etc., the Offered Stock Acquisition Rights will be issued in the total number to be allotted.

(3) Type and number of shares to be subject to the Offered Stock Acquisition Rights

The type of shares to be subject to the Offered Stock Acquisition Rights shall be common shares of the Company, and the number of shares to be subject to one (1) Offered Stock Acquisition Right (hereinafter referred to as “Number of Shares Granted”) shall be 100.

However, if common shares of the Company are split (including allocation without charge of common shares of the Company; hereinafter the same shall apply to descriptions of share split) or consolidated, the Number of Shares Granted shall be adjusted in accordance with the following formula.

$$\text{Adjusted Number of Shares Granted} = \text{Number of Shares Granted before Adjustment} \times \text{Ratio of Split or Consolidation}$$

In addition to the above, if there is any unavoidable cause for an adjustment of the Number of Shares Granted, the Company may appropriately adjust it within a reasonable range.

Any fractional figure of less than one (1) share resulting from the above adjustment shall be rounded down.

(4) Value of assets financed upon the exercise of Offered Stock Acquisition Rights

The value of assets to be financed upon the exercise of the Offered Stock Acquisition Rights shall be one (1) yen (the paid-in amount per share to be delivered upon the exercise of the Offered Stock Acquisition Rights) multiplied by the “Number of Shares Granted.”

(5) Period for the Exercise of the Offered Stock Acquisition Rights

From April 23, 2019 to April 22, 2049

(6) Matters related to capital and capital reserves to be increased if shares are issued upon the exercise of Offered Stock Acquisition Rights

(i) The amount by which the capital will increase if shares are issued upon the exercise of Offered Stock Acquisition Rights will be half of the amount of the limit on the increase of capital, etc. calculated pursuant to Article 17, Paragraph 1 of the Corporate Calculation Rules, and any fraction of less than one (1) yen as a result of calculation shall be rounded up to the nearest yen.

(ii) The amount by which the capital reserves will increase if shares are issued upon the exercise of Offered Stock Acquisition Rights shall be the amount of the limit on the increase of capital, etc. as stated in (i) above less the amount of capital to be increased as prescribed in (i) above.

(7) Restriction on acquisition of Offered Stock Acquisition Rights by transfer

Approval by the Board of Directors of the Company shall be required for the acquisition of the Offered Stock Acquisition Rights by transfer.

(8) Terms for acquisition of Offered Stock Acquisition Rights

When a General Shareholders' Meeting of the Company approves any proposal of the following (i), (ii), or (iii) (or when the same is approved by a resolution of the Board of Directors or a Representative Executive, if no such resolution by a General Shareholders' Meeting is required), the Company may acquire the Offered Stock Acquisition Rights without charge on a day separately determined by the Board of Directors.

- (i) Proposal to approve a merger agreement in which the Company is to be extinguished
- (ii) Proposal to approve a split agreement or split plan in which the Company is to be split
- (iii) Proposal to approve a share exchange agreement or share transfer plan in which the Company is to become a wholly owned subsidiary

(9) Policy to determine the extinguishment of Offered Stock Acquisition Rights upon organizational restructuring and delivery of stock acquisition rights of reorganized company

If the Company engages in a merger (only mergers that cause extinguishment of the Company), absorption-type demerger, incorporation-type demerger, share exchange, or share transfer (hereinafter collectively referred to as "Organizational Restructuring"), the Company shall deliver stock acquisition rights of any of the stock companies designated in (i) to (ho) of Article 236, Paragraph 1, Item 8 of the Companies Act (hereinafter referred to as "Reorganized Company"), as applicable, to each of the Subscription Right Holders having the remaining Stock Acquisition Rights (hereinafter referred to as "Remaining Stock Acquisition Rights") immediately before the effective date of the Organizational Restructuring in accordance with the following conditions (in the case of an absorption-type demerger, an incorporation-type demerger, a share exchange, or a share transfer, the effective date above shall mean the effective date of the absorption-type demerger, of the incorporation of any corporation formed by way of the incorporation-type demerger, of the share exchange, or of the incorporation of any absolute parent company formed by way of the share transfer, respectively). In this case, the Remaining Stock Acquisition Rights shall be extinguished and the Reorganized Company will issue new stock acquisition rights; provided, however, that this shall only apply when the delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions has been determined by the relevant merger agreement,

consolidation agreement, absorption-type demerger agreement, incorporation-type demerger agreement, share exchange agreement, or share transfer plan.

- (i) Number of stock acquisition rights of the Reorganized Company to be delivered
The number of the stock acquisition rights to be delivered to each Subscription Right Holder shall be equal to the number of Remaining Stock Acquisition Rights the Subscription Right Holder holds.
- (ii) Type of shares of the Reorganized Company to be subject to the stock acquisition rights
The type of shares shall be common shares of the Reorganized Company.
- (iii) Number of shares of the Reorganized Company to be subject to the stock acquisition rights
The number of shares will be determined according to the provisions of (3) above, taking the conditions for the Organizational Restructuring Conduct, etc. into account.
- (iv) Value of assets financed upon exercise of stock acquisition rights
The value of assets to be financed upon the exercise of each of the stock acquisition rights to be delivered shall be the paid-in amount per share after the reorganization prescribed below, multiplied by the number of shares of the Reorganized Company to be subject to the stock acquisition rights, as determined in accordance with (iii) above. The paid-in amount per share after the reorganization shall be one (1) yen per share of the Reorganized Company to be delivered upon the exercise of each of the stock acquisition rights to be granted.
- (v) Period for the exercise of stock acquisition rights
From the date of commencement of the period for the exercise of the Offered Stock Acquisition Rights as prescribed in (5) above or the effective date of the Organizational Restructuring, whichever is later, to the expiration date of the period for the exercise of the Offered Stock Acquisition Rights as prescribed in (5) above.
- (vi) Matters related to capital and capital reserves to be increased if shares are issued upon the exercise of stock acquisition rights
Those matters will be determined according to (6) above.
- (vii) Restriction on the acquisition of stock acquisition rights by transfer
Approval by the board of directors of the Reorganized Company shall be required for the acquisition of the stock acquisition rights by transfer.
- (viii) Terms for the acquisition of stock acquisition rights
Those terms will be determined according to (8) above.
- (ix) Conditions for the exercise of the stock acquisition rights
Those conditions will be determined according to (11) below.

(10) Arrangement of fractional figures of less than one (1) share upon the exercise of the Offered Stock Acquisition Rights

If any fractional figure of less than one (1) share is to be provided to the Subscription Right Holders who have exercised the Offered Stock Acquisition Rights as a result of the exercise of the Offered Stock Acquisition Rights, it shall be rounded down.

(11) Other conditions for the exercise of the Offered Stock Acquisition Rights

(i) A Subscription Right Holder may only exercise his or her Stock Acquisition Right if he or she has ceased to serve in office as a Director (including an Executive of any corporation with committees), as a Corporate Auditor, as an Officer and as an Adviser of the Company within the period prescribed in (5) above. In this case, a Subscription Right Holder shall exercise his or her Stock Acquisition Right within the period from the day on which one (1) year has passed from the day on which he or she leaves office (hereinafter referred to as the "Commencement Date for Exercise of Right") to the day on which ten (10) years has passed.

(ii) Notwithstanding the provision prescribed in (i) above, in the case of the following A. or B., a Subscription Right Holder may exercise his or her Stock Acquisition Right only within the period as prescribed in A. or B., respectively; provided that, in the case of B., this shall not apply to cases where the Stock Acquisition Right of the Reorganized Company is delivered to a Subscription Right Holder in accordance with the provisions of (9) above.

A. If the Commencement Date for the Exercise of the Rights of a Subscription Right Holder arrives not before April 22, 2048,

From April 23, 2048 to April 22, 2049

B. If a General Shareholders' Meeting of the Company approves any proposed merger agreement in which the Company is to be extinguished or any proposed share exchange agreement or share transfer plan in which the Company is to become a wholly owned subsidiary (or if the same is approved by a resolution of the Board of Directors or a Representative Executive, when no such resolution by a General Shareholders' Meeting is required),

For a period of fifteen (15) days from the day following the day on which the

above proposal is approved.

- (iii) If a Subscription Right Holder waives his or her Offered Stock Acquisition Right, he or she may not exercise the Offered Stock Acquisition Right.

(12) Amount to be paid for Offered Stock Acquisition Rights

The amount to be paid shall be the option price per share calculated using the following formula and base figures, multiplied by the Number of Shares Granted.

$$C = Se^{-qt} N(d) - Xe^{-rt} N(d - \sigma\sqrt{T})$$

Here,

$$d = \frac{\ln\left(\frac{S}{X}\right) + \left(r - q + \frac{\sigma^2}{2}\right)T}{\sigma\sqrt{T}}$$

- (i) Option price per share (C)
- (ii) Share price (S): Closing Price of the common shares of the Company in regular transactions at the Tokyo Stock Exchange on April 22, 2019 (if there is no Closing Price, the basic price of the following trading day).
- (iii) Exercise Price (X): One (1) yen
- (iv) Expected remaining period (T): Fifteen (15) years
- (v) Volatility of share price (σ): Volatility calculated on the basis of the Closing Price of the common share of the Company in regular transactions on trading days during the fifteen (15)-year period from April 22, 2004 to April 22, 2019.
- (vi) Risk-free interest rate (r): Interest rate of government bonds whose remaining years to maturity correspond to the expected remaining period
- (vii) Dividend yield (q): Dividend per share (actual amount of the dividend paid for the past twelve months) \div Share price determined in (ii) above
- (viii) Cumulative distribution function of the standard normal distribution ($N(\cdot)$)

In addition to the above, the amount calculated by the above formula is the fair value of the stock acquisition rights. The Company will pay the persons to be allotted Offered Stock Acquisition Rights monetary compensation equal to the total amount of the issue price of the allotted stock acquisition rights and offset their rights to request compensation from the Company against their payment obligations to be paid for the stock acquisition rights.

(13) Allotment Date of Offered Stock Acquisition Rights

April 22, 2019

(14) Due date for payment to be made in exchange for the Offered Stock Acquisition Rights

April 22, 2019

(15) Section to receive requests for exercise thereof

Administration Department of the Company (or any other section in charge of the relevant affairs from time to time)

(16) Payment-handling bank for the exercise of Offered Stock Acquisition Rights

Head Office of MUFG Bank, Ltd. (or its successor bank or successor branch office, if any)

3. Grantees of the allotment of stock acquisition rights, the number of grantees, and the number of stock acquisition rights to be allotted as an upper limit

1,612 units to 4 Executive Directors of the Company

2,824 units to 14 Officers of the Company

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