

(Translation)

**Items Disclosed on Internet Concerning  
Notice of the 149th Annual General Shareholders' Meeting**

Notes to Consolidated Financial Statements and  
Notes to Non-Consolidated Financial Statements

NIKON CORPORATION

## Notes to Consolidated Financial Statements

(Significant Basis for Presenting Consolidated Financial Statements)

### 1. Scope of Consolidation

#### (1) Number of consolidated

subsidiaries : 71 companies

Company name : TOCHIGI NIKON CORPORATION, TOCHIGI NIKON PRECISION CO., LTD., SENDAI NIKON CORPORATION, Miyagi Nikon Precision Co., Ltd., NIKON IMAGING JAPAN INC., NIKON INSTECH CO., LTD., Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd., Nikon Hong Kong Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V., and others

Number of newly

consolidated subsidiaries : 4 companies

Company name : Nikon Mexico S.A de C.V.  
NIKON DO BRASIL LTDA.  
Nikon Instruments (Shanghai) Co., Ltd.  
Nikon Instruments Korea Co., Ltd.

From the current fiscal year, Nikon Mexico S.A de C.V., NIKON DO BRASIL LTDA., Nikon Instruments (Shanghai) Co., Ltd. and Nikon Instruments Korea Co., Ltd. are included in the scope of consolidation as the materiality of these companies has increased.

Number of subsidiaries

excluded from the scope of

consolidation : 1 company

Company name : 1 subsidiary of Nikon Metrology NV

The 1 subsidiary of Nikon Metrology NV is excluded from the scope of consolidation due to the completion of liquidation.

#### (2) Number of

non-consolidated

subsidiaries : 16 companies

Company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., and others

Since these companies are small in scale, their total assets, net sales, net income (the interest share of NIKON CORPORATION (the “Company”)), and retained earnings (the Company’s interest share) and others do not have significant effects on the consolidated financial statements.

## 2. Scope of Equity Method

### (1) Number of associated

companies accounted for

by equity method : 2 companies

Company name : Nikon-Essilor Co., Ltd., NIKON-TRIMBLE CO., LTD.

### (2) Number of

non-consolidated

subsidiaries not accounted

for by equity method : 16 companies

Company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd., and others

### (3) Number of associated

companies not accounted

for by equity method : 8 companies

Company name : N.S.S. CORPORATION, and others

Since each of these non-consolidated subsidiaries and associated companies not accounted for by the equity method has a minimal effect on the Company's net income, retained earnings and others and they are not collectively material, these are excluded from the scope of application of the equity method.

## 3. Fiscal Year-End of Consolidated Subsidiaries

The fiscal year-end of Nikon Imaging (China) Co., Ltd., Nikon Precision Shanghai Co., Ltd., Nikon Imaging (China) Sales Co., Ltd., Nikon (Russia) LLC., Nikon Mexico S.A de C.V., NIKON DO BRASIL LTDA., and Nikon Instruments (Shanghai) Co., Ltd. is December 31.

In preparing the consolidated financial statements, the Group used financial statements of those companies that had been prepared on the basis of the provisional closing of their accounts as of the consolidated closing date.

#### 4. Basis of Accounting

##### (1) Valuation basis and method for significant assets

###### a. Investment securities

- Held-to-maturity debt securities

Stated at amortized cost.

- Available-for-sale securities

with fair market value

Stated at fair value based on quoted market prices at the consolidated closing date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is mainly calculated by the moving-average method.

without fair market value

Mainly stated at cost determined by the moving-average method.

The Company records investments in limited liability investment partnerships (deemed “investment securities” under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.

###### b. Derivatives

Stated at fair value.

###### c. Inventories

- Company and its consolidated subsidiaries in Japan

Mainly stated at cost determined by the average method. (Inventories with lower profitability are written down.)

- Overseas consolidated subsidiaries

Principally stated at the lower of cost or market as determined using the average method.

(2) Depreciation method for noncurrent assets

a. Property, plant and equipment (excluding lease assets)

- Company and its consolidated subsidiaries in Japan

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

- Overseas consolidated subsidiaries

b. Intangible assets (excluding lease assets)

c. Lease assets

The straight-line method is applied to buildings (excluding facilities incidental to buildings), while the declining-balance method is applied to property, plant and equipment other than buildings.

The Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 due to the revision of Japan's Corporation Tax Law from the fiscal year under review. The effect of this change was immaterial.

The straight-line method is mainly applied.

The straight-line method is applied.

Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.

(3) Accounting criteria for significant allowances

a. Allowance for doubtful accounts

To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectibility for specific accounts.

b. Provision for product warranties

The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.

c. Provision for retirement benefits

The Company and its major consolidated subsidiaries account for the provision for employees' retirement benefit based on the projected retirement benefit obligations and plan assets at the consolidated balance sheet date. Prior service cost is amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period in which the prior service cost accrues, and unrecognized actuarial differences are amortized on a straight-line basis principally over 10 years, certain period within the average remaining service period of employees, from the period immediately following the period in which the unrecognized actuarial differences arise.

(4) Translation basis of significant assets and liabilities denominated in foreign currencies into Japanese yen

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the consolidated closing date, and the translation adjustment is recognized in the consolidated statement of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated closing date, and revenues and expenses of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate. Translation adjustments are presented in foreign currency translation adjustments in net assets.

(5) Significant hedge accounting

a. Method for hedge accounting

In principle, the deferral hedge accounting is applied. The special treatment is applied to the interest rate swap which satisfies requirements for the special treatment.

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|--|--|
| b. Hedging instruments and hedged items  | Hedging instruments are foreign exchange forward contracts, currency options, and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.  |
| c. Hedging policy  | Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and others about derivative transactions.   |
| d. Method for assessment of hedge effectiveness                                  | The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others. Evaluation of the hedging effectiveness of interest rate swaps for which the special treatment is applied is omitted. |
| <br>(6) Other significant matters for preparing consolidate financial statements |  |
| a. Amortization of goodwill  | Goodwill is charged to income when incurred if the amounts are immaterial; otherwise, the amounts are amortized on a straight-line basis principally over 10 years.  |
| b. Accounting for consumption taxes and others                                   | Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.  |
| c. Application of consolidated declaration system                                | The consolidated declaration system that the Company and certain overseas consolidated subsidiaries are consolidated taxpayers is applied.   |

(Notes to Consolidated Balance Sheet)

1. Assets Pledged as Collateral and Liabilities Secured

(1) Assets pledged as collateral

Investment securities	5,214 million yen
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Total	5,214 million yen

(2) Liabilities secured

Long-term loans payable	4,700 million yen
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Total	4,700 million yen

2. Accumulated Depreciation of Property, Plant and Equipment 273,699 million yen

3. Guarantees of Indebtedness 936 million yen

(Notes to Consolidated Statement of Income)

1. Insurance Income

Nikon (Thailand) Co., Ltd. and others, which incurred damage due to the floods in Thailand in October 2011, posted the insurance income in connection with the losses of noncurrent assets and inventories affected by the disaster.

The amount of insurance income regarding this case has been settled, and no additional amount is planned to be posted.

2. Impairment Loss

The carrying amounts of unutilized assets are reduced to the recoverable amounts, and the reduced amounts are recorded in extraordinary losses. The major unutilized assets are machinery, equipment and vehicles.



(Notes to Consolidated Statement of Changes in Net Assets)

1. Type and Total Number of Shares Issued and Treasury Stock

(Shares)

	As of April 1, 2012	Increase	Decrease	As of March 31, 2013
Shares issued				
Common stock	400,878,921	-	-	400,878,921
Total	400,878,921	-	-	400,878,921
Treasury stock				
Common stock	4,342,128	2,823	65,191	4,279,760
Total	4,342,128	2,823	65,191	4,279,760

2. Dividends

(1) Dividends paid

Resolution	Type of shares	Total dividend paid (million yen)	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 28, 2012	Common Stock	8,327	21.00	March 31, 2012	June 29, 2012
Board of directors meeting on November 1, 2012	Common Stock	7,534	19.00	September 30, 2012	December 3, 2012

- (2) Dividends of which the record date is attributable to the current fiscal year but to be effective in the following fiscal year

The Company plans to resolve as follows at the annual shareholders' meeting which will be held on June 27, 2013.

Resolution	Type of shares	Total dividend paid (million yen)	Resource of dividends	Dividend per share (yen)	Record date	Effective date
Annual shareholders' meeting on June 27, 2013	Common stock	4,759	Retained earnings	12.00	March 31, 2013	June 28, 2013

### 3. Stock Acquisition Rights and Others

Type and number of shares to be issued upon the exercise of the stock acquisition rights as of the consolidated balance sheet date, excluding stock acquisition rights for which the first day of the exercise period has not yet arrived

Common stock 756,900 shares

(Financial Instruments)

#### 1. Matters Related to Financial Instruments

The Group restricts fund management to short-term deposits, and fund procurement is mainly treated by bank loans and bond issuance. Derivatives are used not for speculative purposes, but to hedge foreign exchange risk for receivables and payables denominated in foreign currencies and interest rate exposures for loans payable.

Receivables such as notes and accounts receivable - trade are exposed to customer credit risk. The Group manages the credit risk by monitoring of payment terms and balances by customer and identifying and reducing the default risk of customers in the early stages. Although receivables in foreign currencies due to global operations are exposed to foreign currency risk, mainly the position net of payables in foreign currencies is hedged, principally by using forward foreign currency contracts.

Equity securities in investment securities are exposed to the risk of market price fluctuations, but are managed by monitoring market values and the financial position of issuers (trading partners) on a regular basis. In addition, securities other than held-to-maturity securities are continually reviewed as to the situation, taking into account the relationship between the Group and trading partners.

Payment terms of payables, such as notes and accounts payable - trade are less than one year. Although payables in foreign currencies that include the import of raw materials are exposed to foreign currency risk, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Short-term loans payable are mainly related to working capital, and long-term loans payable are related primarily to working capital and capital investment. Although loans payable with variable interest rates are exposed to interest rate fluctuation risk, the risk of certain long-term loans payable is mitigated by using derivatives of interest rate swaps by individual contract to reduce the risk of fluctuations in interest expenses and to make the interest expense fixed. Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization. The counterparties to the Group's derivative contracts are limited to financial institutions having a high credit rating to reduce credit risk.

Accounts payable and loans payable are exposed to liquidity risk. The Group manages its liquidity risk by entering into commitment line contract.

#### 2. Fair Values of Financial Instruments

Carrying amounts, fair values and the differences between carrying amounts and fair values as of March 31, 2013 were as follows. The accounts deemed to be extremely difficult to calculate the fair values were not included in the following:

(Million yen)

	Carrying amount (*)	Fair value (*)	Unrealized gain (loss)
(1) Cash and deposits	110,281	110,281	-
(2) Notes and accounts receivables - trade	130,430	130,430	-
(3) Investment securities	53,655	53,990	334
(4) Notes and accounts payable - trade	(124,676)	(124,676)	-
(5) Short-term loans payable	(13,739)	(13,739)	-
(6) Accrued expenses	(54,505)	(54,505)	-
(7) Income taxes payable	(1,395)	(1,395)	-
(8) Bonds payable	(40,000)	(41,561)	(1,561)
(9) Long-term loans payable	(27,600)	(27,940)	(340)
(10) Derivatives	(5,256)	(5,256)	-

(\*) The items recorded in liabilities on the consolidated balance sheet are shown in parentheses.

(Note) Method for calculating the fair value of financial instruments and matters on investment securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade:

The carrying amounts of cash and deposits and notes and accounts receivable - trade approximate their fair values because of their short maturities.

The carrying amounts and fair values of notes and accounts receivable - trade are the amounts after deduction of the allowance for doubtful accounts.

(3) Investment securities:

The fair values of investment securities are measured at the quoted market price of the stock exchange. Investment securities whose fair value is not readily determinable (the carrying amounts of 13,203 million yen) are excluded because it is difficult to determine the fair values.

(4) Notes and accounts payable - trade, (5) Short-term loans payable, (6) Accrued expenses, and (7) Income taxes payable:

The carrying amounts of these accounts approximate their fair values because of their short maturities.

(8) Bonds payable:

The fair values of bonds are determined by the market price if it is available.

(9) Long-term loans payable

The fair values of long-term loans payable are determined by discounting the future cash flows related to the loans by the rate assumed based on interest rates on government securities and credit spread. The fair values of long-term loans payable with variable interest rates using interest rate swaps that are subject to the special treatment of interest rate swaps are determined by discounting the principal amounts with interest of such interest rate swaps related to the loans by the rate assumed based on interest rates on government securities and credit spread.

Current portion of long-term loans payable in current liabilities is included.

(10) Derivatives

Receivables and payables arising out from derivative transactions are shown on the net basis. The items which are net debt in total are shown in parentheses.

Interest rate swaps for which special treatment is applied are accounted for together with long-term loans payable designated as the hedged item, therefore, their fair values are included in the fair values of the hedged long-term loans payable.

(Notes to Per-Share Information)

1. Net assets per share	1,236.84 yen
2. Net income per share	107.07 yen

Amounts less than 1 million yen are rounded off.

## Notes to Non-Consolidated Financial Statements

### 1. Significant Accounting Policies

- |  |   |
|--|---|
| (1) Valuation basis and method for inventories         | Work in process is stated at cost determined by the specific identification method, and other inventories are stated at cost determined by the average method.<br><br>Inventories with lower profitability are written down.  |
| <br>   |   |
| (2) Valuation basis and method for securities          |   |
| - Held-to-maturity debt securities                     | Stated at amortized cost.   |
| - Investments in subsidiaries and associated companies | Stated at cost determined by the moving-average method.   |
| - Available-for-sale securities                        | Available-for-sale securities with market value are stated at fair value based on quoted market prices at the balance sheet date. Unrealized gains and losses, net of applicable taxes, are reported in a separate component of equity, and the cost of the securities sold is calculated by the moving-average method.<br><br>Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.<br><br>The Company records investments in limited liability investment partnerships (deemed as “securities” under the provisions set forth in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement. |
| <br>   |   |
| (3) Valuation basis and method for derivatives         | Stated at fair value.   |

<p>(4) Depreciation method for noncurrent assets</p> <ul style="list-style-type: none"> <li>- Property, plant and equipment (excluding lease assets)</li> </ul> <p>(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)</p> <ul style="list-style-type: none"> <li>- Intangible assets (excluding lease assets)</li> <li>- Lease assets</li> </ul>	<p>The straight-line method is applied to buildings (excluding facilities incidental to buildings), while the declining-balance method is applied to property, plant and equipment other than buildings.</p> <p>The Company has changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 due to the revision of Japan's Corporation Tax Law from the fiscal year under review. The effect of this change was immaterial.</p> <p>The straight-line method is applied.</p> <p>Leases that do not transfer ownership of the leased property to the lessee are depreciated using the straight-line method over the lease terms without residual value.</p>
<p>(5) Accounting for deferred assets</p>	<p>Bond issuance expenses are expensed as paid.</p>
<p>(6) Accounting criteria for allowances</p> <ul style="list-style-type: none"> <li>- Allowance for doubtful accounts</li> </ul>	<p>To cover probable losses on uncollectible receivables, the allowance for doubtful receivables is computed based on historical bad debt experience for general accounts and based on the analysis of individual collectibility for specific accounts.</p>
<ul style="list-style-type: none"> <li>- Provision for product warranties</li> </ul>	<p>The Company mainly provides for the estimated cost of product warranties at the time revenue is recognized in order to cover repair costs for the product with an obligation that the Company shall provide free repairs for a certain period.</p>
<ul style="list-style-type: none"> <li>- Provision for retirement benefits</li> </ul>	<p>The Company accounts for the provision for employees' retirement benefit based on the retirement benefit obligations and plan assets at the balance sheet date. Prior service cost is amortized on a straight-line basis over 10</p>

- years, certain period within the average remaining service period of employees, from the period in which the prior service cost accrues, and unrecognized actuarial differences are amortized on a straight-line basis over 10 years, certain period within the average remaining service period of employees, from the period immediately following the period in which the unrecognized actuarial differences arise. The total amount of plan assets exceeded the amount of retirement benefit obligations after adjusting for any unrecognized actuarial difference and unrecognized prior service cost. Therefore, on the balance sheet, the excess amount is posted as prepaid pension cost. Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date, and the translation adjustment is recognized in the non-consolidated statement of income.
- (7) Translation basis of assets and liabilities denominated in foreign currencies into Japanese yen
- (8) Hedge accounting
- a. Method for hedge accounting
- In principle, the deferral hedge accounting is applied. The special treatment is applied to the interest rate swaps which satisfies requirements for the special treatment.
- b. Hedging instruments and hedged items
- Hedging instruments are foreign exchange forward contracts, currency options and interest rate swaps. Hedged items are receivables and payables denominated in foreign currencies, forecasted foreign currency transaction, bonds payable and loans payable.
- c. Hedging policy
- Foreign exchange risk and interest rate risk of hedged items are hedged within a certain scope in accordance with internal policies that regulate the authorization, transaction limit and



d. Method for assessment of hedge effectiveness	<p>others about derivative transactions.</p> <p>The Company compares the cumulative changes in cash flows from, or the changes in fair value of, hedged items with the corresponding changes in the hedging instruments and evaluates hedging effectiveness based on the changes and others. Evaluation of the hedging effectiveness of interest rate swaps for which the special treatment is applied is omitted.</p>
(9) Accounting for consumption taxes and others	<p>Transactions subject to consumption taxes and local consumption taxes are recorded at amounts exclusive of consumption taxes.</p>
(10) Application of consolidated declaration system	<p>The Company applies the consolidated declaration system.</p>

## 2. Matters on Non-Consolidated Balance Sheet

### (1) Assets pledged as collateral and liabilities secured

#### i. Assets pledged as collateral

Cash and deposits (Note)	2,791 million yen
Investment securities	5,214 million yen

#### ii. Liabilities secured

Long-term loans payable	4,700 million yen
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(Note) The Company pledges its deposit as collateral to the loans payable of its subsidiaries.

(2) Accumulated depreciation of property, plant and equipment 192,352 million yen

### (3) Guarantees of indebtedness

Guarantee	Guaranteed amount	Content of guarantee of indebtedness
448 employees	936 million yen	Mortgage and others
NIKON DO BRASIL LTDA.	1,161 million yen	Loans payable and others
Others	760 million yen	Loans payable and others
Total	2,858 million yen	

### (4) Monetary receivables and payables to affiliated companies

Short-term monetary receivables	91,522 million yen
Long-term monetary receivables	18,633 million yen
Short-term monetary payables	60,976 million yen

### (5) Monetary payables to directors and corporate auditors

Long-term monetary payables	187 million yen
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## 3. Matters on Non-Consolidated Statement of Income

### (1) Transactions with affiliated companies

#### Operational transactions

Sales to affiliated companies	643,485 million yen
Purchase from affiliated companies	305,531 million yen
Other transactions	41,559 million yen

(2) Impairment loss

The carrying amounts of unutilized assets are reduced to the recoverable amounts, and the reduced amounts are recorded in extraordinary losses. The major unutilized assets are machinery and equipment.

4. Matters on Non-Consolidated Statement of Changes in Net Assets

Type and number of treasury stock at the end of the period

Common stock	4,279,760 shares
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5. Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets:

Inventories	27,133 million yen
Accrued bonus	2,315 million yen
Depreciation and amortization	16,245 million yen
Other	4,253 million yen
Total deferred tax assets	<u>49,947 million yen</u>

Deferred tax liabilities:

Prepaid pension cost	(459) million yen
Asset retirement obligations	(245) million yen
Reserve for special depreciation	(9) million yen
Reserve for reduction entry of replaced property	(2,669) million yen
Valuation difference on available-for-sale securities	(4,710) million yen
Other	(413) million yen
Total deferred tax liabilities	<u>(8,507) million yen</u>
Net deferred tax assets	<u>41,440 million yen</u>

(Note) The valuation allowance of 2,387 million yen is deducted to calculate deferred tax assets.

## 6. Related Parties

(Million yen)

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
Subsidiaries	NIKON IMAGING JAPAN INC.	100.0	Two	Sales of the Company's products	Sales of Imaging Products Business products (Note 1)	52,051	Accounts receivable - trade	6,736
	Nikon Inc.	100.0	Three	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	138,596	Accounts receivable - trade	8,771
	Nikon Europe B.V.	100.0	Two	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	182,749	Accounts receivable - trade	11,220
	Nikon Hong Kong Ltd.	100.0	Three	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	83,828	Accounts receivable - trade	4,826

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
Subsidiaries	Nikon Imaging (China) Sales Co., Ltd.	100.0	Two	Import and sales of the Company's products	Sales of Imaging Products Business products (Note 1)	80,879	Accounts receivable - trade	7,244
	Nikon Americas Inc.	100.0	Two	Holding company of subsidiaries in the United States	Loans for short-term working capital (Note 2)	-	Short-term loans receivable	11,984
	Nikon Holdings Europe B.V.	100.0	Two	Holding company of subsidiaries in Europe	Loans for short-term working capital (Note 2)	-	Short-term loans receivable	11,890
	Nikon (Thailand) Co., Ltd.	100.0	Two	Manufacture of the Company's products	Sales of equipment (Note 3)	14,940	Accounts receivable - other	1,339
					Loans for long-term working capital (Note 4)	10,386	Long-term loans receivable	10,386
					Manufacture of Imaging Products Business products (Note 5)	157,032	Accounts payable - trade	10,342

Category	Company name	Percentage of voting rights (%)	Relationship		Transaction	Transaction amount (Note 8)	Account	Balance at the end of the period (Note 8) (Note 9)
			Number of officers of the Company	De facto relationship				
Subsidiaries	Nikon Business Service Co., Ltd.	100.0	Two	Affairs related to welfare, engineering and general affairs and logistics operations for the Company's products	Purchase of equipment (Note 6)	8,024	Accounts payable	25
	TOCHIGI NIKON CORPORATION	100.0	Two	Manufacture of the Company's products	Deposits for consumption of money (Note 7)	-	Deposits received	6,837

Condition of transaction, policy to determine such condition and others

- (Note 1) The condition of transaction of product sales is determined in consideration of market prices.
- (Note 2) The Group is introducing a cash management system ("CMS"), and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.
- (Note 3) The conditions for selling equipment are determined in consideration of market prices.
- (Note 4) Interest rates for loans to and from the subsidiaries are reasonably determined in consideration of the market interest rate.
- (Note 5) The condition of transaction of product manufacturing is determined after negotiation in each case in consideration of prices calculated based on market quotations and estimates from customers.
- (Note 6) The conditions for purchasing equipment are determined after negotiations in each case in consideration of prices calculated based on market quotations and estimates from the supplier.

- (Note 7) The Group is introducing CMS, and only the balance at the end of the period is presented since it is practically impossible to aggregate the transaction amounts by transaction for the fund transaction using CMS. Interest rates on deposits for consumption of money are reasonably determined in consideration of the market interest rate.
- (Note 8) The transaction amount and balance of foreign subsidiaries at the end of the period do not include consumption taxes and others.
- (Note 9) The balances of assets and liabilities denominated in foreign currencies at the end of the period are presented in the amounts translated into Japanese yen at the spot exchange rate prevailing at the balance sheet date.

## 7. Retirement Benefit

### (1) Outline of retirement benefit plans

The Company has a defined benefit corporate pension plan (cash balance plan) under Defined-Benefit Corporate Pension Act. The Company also has a defined contribution pension plan for a portion of future retirement benefit.

### (2) Retirement benefit obligation

Retirement benefit obligation	(86,193) million yen
Fair value of plan assets	94,452 million yen
Unfunded retirement benefit obligation	8,259 million yen
Unrecognized actuarial loss	6,508 million yen
Unrecognized prior service cost	(2,252) million yen
Prepaid pension cost	12,516 million yen

Fair value of plan assets includes the retirement benefit trust of 9,217 million yen.

### (3) Retirement benefit expenses

Service cost	2,328 million yen
Interest cost	1,605 million yen
Expected return on plan assets	(1,517) million yen
Recognized actuarial loss	1,528 million yen
Amortization of prior service cost	(1,951) million yen
Subtotal	1,994 million yen
Others	(257) million yen
Retirement benefit expenses	1,736 million yen

In addition, contributions to the defined contribution pension plan amounting to 965 million yen were recorded in “cost of sales” and “retirement benefit expenses in selling, general and administrative expenses” in addition to the above retirement benefit expenses.

(4) Others

Discount rate	1.8%
Expected rate of return on plan assets	2.0%

8. Notes to Per-Share Information

Net assets per share	800.74 yen
Net income per share	50.89 yen

9. Amounts less than 1 million yen are rounded off.