



November 8, 2016

## **Restructuring of Domestic Business Organization to Enhance Manufacturing Technology of Optical Components**

Short-form absorption-type company split with a consolidated subsidiary, and merger and absorption-type company split between consolidated subsidiaries

In accordance with the restructuring plan announced today, NIKON CORPORATION (hereinafter referred as “the Company”) has decided at the Board of Directors’ Meeting held today, to undertake a restructure the organization of the Company and the consolidated subsidiaries and the contract was signed accordingly.

Restructuring the organization between consolidated subsidiaries is not within the scope of the timely disclosure required: therefore, such information is provided only for reference. Disclosed items and their content are partially omitted because the company split of the Company intends to have the wholly owned subsidiary to succeed the business.

### **1. Background and purpose of restructuring the organization**

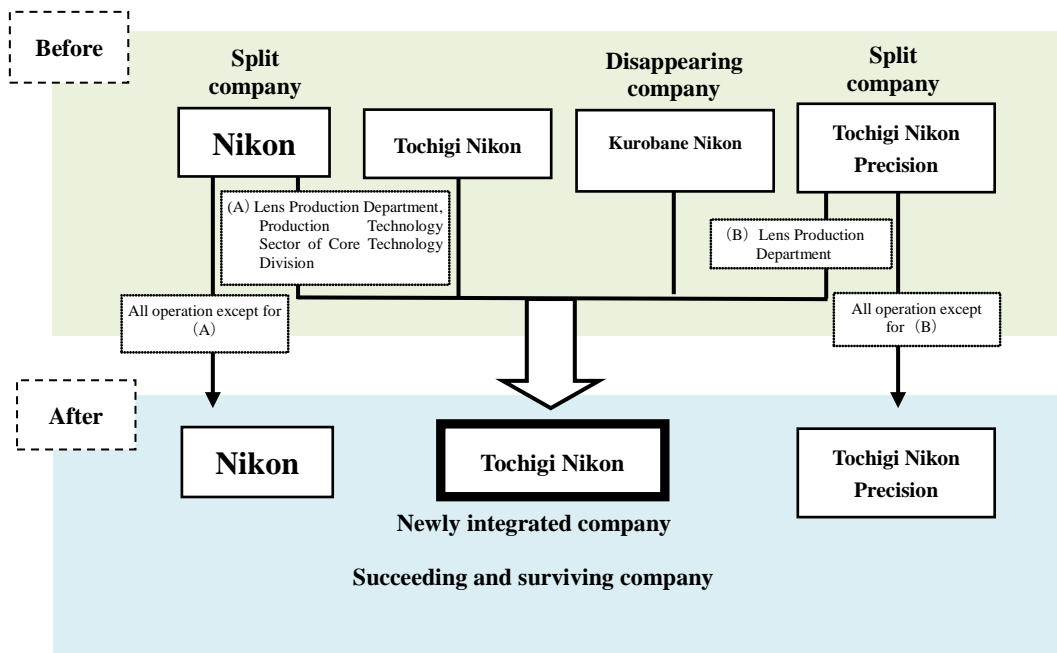
As a part of the restructuring plan, the Company has been considering to restructure our group companies to enhance manufacturing technology of optical components that are our core competence and a differentiator from our competitors.

It has been decided, as a result of our consideration, to aggregate all the functions related to manufacturing technology of optical components, which are currently owned by the Company and our group companies, to Tochigi Nikon Corporation that is our consolidated subsidiary.

This allows our group to strengthen manufacturing technology of optical components as well as improving the efficiency of our production system, making contributions to maximize the our group products’ competitiveness.

### **2. Overview of restructuring the organization**

Operation currently engaged by Lens Production Department, Production Technology Sector of Core Technology Division of the Company and Lens Production Department of Tochigi Nikon Precision Co., Ltd. will be transferred to Tochigi Nikon Corporation via the absorption-type company split. In the same manner, Kurobane Nikon Co., Ltd will be merged by absorption to Tochigi Nikon Corporation. After this absorption-type merger, Kurobane Nikon Co., Ltd will extinct.



### 3. Outline of company split of the Company and Tochigi Nikon Corporation

#### (1) Schedule

Contract date	November 8, 2016
Effective date	February 1, 2017 (plan)

Note: This company split is applicable to short-form absorption-type company split stipulated in Article 784, Paragraph 2 of the Companies Act; therefore, this absorption-type company split contract is executable without an approval by our Shareholders' meeting.

#### (2) Method of the company split

The method of the company split is an absorption-type company split between the Company as the split company and Tochigi Nikon Corporation as the succeeding company.

#### (3) Allocation related to the company split

There will be no share or money allocation by this company split.

#### (4) Handling of the stock acquisition rights and bonds with share options by the company split

This company split will not change the handling of stock acquisition rights.

The Company has not issued any bonds with share options at present.

#### (5) Capital that may be increased/decreased by the company split

There will be no increase/decrease in the capital by this company split.

#### (6) Claims and obligations succeeded by the succeeding company

The succeeding company will succeed the claims and obligations that are attached to the assets and liabilities that will be split and transferred to the succeeding company, except those that will be decided not to be succeeded by the absorption-type company split contract.

The obligations will be succeeded by the cumulative assumption of obligations.

(7) Expectation toward Fulfillment of obligations.

Both split company and succeeding company observe no problems in fulfilling the obligations to be borne by this company split.

(8) Profile of split and succeeding companies

	Split company (as of September 30, 2016)	Succeeding company (as of September 30, 2016)
(1) Name	NIKON CORPORATION	Tochigi Nikon Corporation
(2) Address	2-15-3, Konan, Minato-ku, Tokyo	770, Midori, Otawara, Tochigi
(3) Representative	President Representative Director Kazuo Ushida	President Representative Director Yoshiharu Shiokama
(4) Outline of business	Manufacture and sales of optical instruments	Manufacture of interchangeable lenses and optical lenses
(5) Capital (million yen)	65,475	363
(6) Date of establishment	July 25, 1917	July 30, 1947
(7) Number of shares issued	400,878,921 shares	6,935,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and ratio	Japan Trustee Services Bank, Ltd. (Trust Account) 7.12% The Master Trust Bank of Japan, Ltd. (Trust Account) 6.86% Meiji Yasuda Life Insurance Company 4.87% Japan Trustee Services Bank, Ltd. (Trust Account 9) 2.12% The Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.84%	NIKON CORPORATION 100%
(10) Financial conditions, Operating results	Fiscal year ended March 31, 2016 (Consolidated)	Fiscal year ended March 31, 2016
Net asset (million yen)	528,280	8,450
Total assets (million yen)	966,578	13,888
Net asset per share	1,328.68 yen	1,218.59 yen
Net sales (million yen)	819,388	23,599
Operating income (million yen)	31,698	1,005
Ordinary income (million yen)	37,868	1,133
Net income attributable to owners of parent (million yen)	18,254	741
Basic net income per share	46.05 yen	106.97 yen

(9) Business activity of the division to be split or succeeded

Operations related to manufacturing of optics and precision components that are handled by Lens Production Department, Production Technology Sector of Core Technology Division, the Company.

(10) Operating result of the division to be split or succeeded

The division to be split or succeeded supplies optical components only to our group companies. No operation records are available regarding transactions with other companies outside our group.

(11) Asset and liability to be split or succeeded (estimation)

Asset (million yen)	3,727
Liability (million yen)	2,331

The amounts above are as of September 30, 2016, and subject to change by the date of company split

(12) Situation of the split company after the company split

There will be no changes in the company name, address, title and name of the representative, outline of business, capital, and the fiscal year end by this company split.

(13) Situation of the succeeding company after the company split

(1) Name	Tochigi Nikon Corporation
(2) Address	770, Midori, Otawara, Tochigi
(3) Representative	President and Representative Director Hiroshi Nakamura
(4) Outline of business	Manufacture of interchangeable lenses and optical lenses
(5) Capital (million yen)	363
(6) Fiscal year end	March 31

(14) Future Outlook

This company split will not have a significant impact on the Company's both consolidated and non-consolidated financial performances.

## Reference: Restructuring the organization between consolidated subsidiaries

### 1. Outline of company split of Tochigi Nikon Precision Co., Ltd. and Tochigi Nikon Corporation

#### (1) schedule

Contract date	November 8, 2016
Effective date	February 1, 2017 (plan)

#### (2) Method of the company split

The method of the company split is an absorption-type company split between Tochigi Nikon Precision Co., Ltd. as the split company and Tochigi Nikon Corporation as the succeeding company.

#### (3) Allocation related to the company split

There will be no share or money allocation by this company split.

#### (4) Handling of the stock acquisition rights and bonds with share options by the company split

Tochigi Nikon Precision Co., Ltd. has not issued any stock acquisition rights and bonds with share options at present.

#### (5) Profile of split and succeeding companies

	Split company (as of September 30, 2016)	Succeeding company (as of September 30, 2016)
(1) Name	Tochigi Nikon Precision Co., Ltd.	Tochigi Nikon Corporation
(2) Address	760, Midori, Otawara, Tochigi	770, Midori, Otawara, Tochigi
(3) Representative	President Representative Director Hisamitsu Kita	President Representative Director Yoshiharu Shiokama
(4) Outline of business	Manufacture of devices and lenses for semiconductor / FPD lithography systems	Manufacture of interchangeable lenses and optical lenses
(5) Capital (million yen)	425	363
(6) Date of establishment	April 2, 2007	July 30, 1947
(7) Number of shares issued	8,500,000 shares	6,935,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and ratio	NIKON CORPORATION 100%	NIKON CORPORATION 100%
(10) Financial conditions, Operating results	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Net asset (million yen)	6,406	8,450
Total assets (million yen)	15,165	13,888
Net asset per share	753.65 yen	1,218.59 yen
Net sales (million yen)	22,262	23,599
Operating income (million yen)	1,346	1,005
Ordinary income (million yen)	1,383	1,133
Net income (million yen)	1,019	741
Basic net income per share	119.93 yen	106.97 yen

#### (6) Business activity of the division to be split or succeeded

Operations related to manufacturing of projection lenses for semiconductor/FPD lithography systems by Lens Production Department of Tochigi Nikon Precision Co., Ltd..

## 2. Outline of merger between Kurobane Nikon Co., Ltd and Tochigi Nikon Corporation

### (1) Schedule

Contract date	November 8, 2016
Effective date	February 1, 2017 (plan)

### (2) Method of the merger

Kurobane Nikon Co., Ltd will be merged by absorption to Tochigi Nikon Corporation. After this merger by absorption, Kurobane Nikon Co., Ltd will extinct.

### (3) Allocation related to the merger

There will be no share or money allocation by this merger.

### (4) Handling of the stock acquisition rights and bonds with share options by the merger

Kurobane Nikon Co., Ltd has not issued any stock acquisition rights and bonds with share options at present.

### (5) Profile of companies in the merger

	<b>Disappearing company</b> (as of September 30, 2016)	<b>Surviving company</b> (as of September 30, 2016)
(1) Name	Kurobane Nikon Co., Ltd.	Tochigi Nikon Corporation
(2) Address	1434, Kurobanemuko-machi, Otawara, Tochigi	770, Midori, Otawara, Tochigi
(3) Representative	President Representative Director Noboru Takashita	President Representative Director Yoshiharu Shiokama
(4) Outline of business	Manufacture of objective lenses for microscopes/measuring instruments, and optical components	Manufacture of interchangeable lenses and optical lenses
(5) Capital (million yen)	100	363
(6) Date of establishment	July 1, 1974	July 30, 1947
(7) Number of shares issued	200,000 shares	6,935,000 shares
(8) Fiscal year end	March 31	March 31
(9) Major shareholders and ratio	NIKON CORPORATION 100%	NIKON CORPORATION 100%
(10) Financial conditions, Operating results	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2016
Net asset (million yen)	819	8,450
Total assets (million yen)	2,138	13,888
Net asset per share	4,096.82 yen	1,218.59 yen
Net sales (million yen)	3,657	23,599
Operating income (million yen)	160	1,005
Ordinary income (million yen)	184	1,133
Net income (million yen)	150	741
Basic net income per share	750.93 yen	106.97 yen