



February 6, 2014

Consolidated Financial Results of the Third Quarter ended December 31, 2013 (Japanese Standards)

Company name: NIKON CORPORATION

Code number: 7731; Stock listings: Tokyo Stock Exchange

URL <http://www.nikon.co.jp/>

Representative: Makoto Kimura, Representative Director and President

Contact: Yosuke Toyoda, General Manager, Corporate Communications & IR Department

TEL: +81-3-3216-1032

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Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (for institutional investors and analysts)

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the Third Quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013)

(1) Financial Results (Percentage represents comparison change to the corresponding previous quarterly period)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|-------------------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Nine months ended December 31, 2013 | 732,483 | (4.0) | 39,337 | 0.2 | 37,658 | (8.1) | 37,505 | 16.0 |
| Nine months ended December 31, 2012 | 763,276 | 8.8 | 39,247 | (43.4) | 40,977 | (46.2) | 32,330 | (30.8) |

(Note) Comprehensive Income: Third quarter ended, December 31, 2013: 65,018 million yen; 54.5%
Third quarter ended, December 31, 2012: 42,085 million yen; 31.1%

| | Net Income per Share of Common Stock | Net Income per Share of Common Stock after Dilution |
|-------------------------------------|---|---|
| | Yen | Yen |
| Nine months ended December 31, 2013 | 94.56 | 94.41 |
| Nine months ended December 31, 2012 | 81.53 | 81.42 |

(2) Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|---------------------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| Third quarter ended December 31, 2013 | 959,520 | 547,906 | 57.0 |
| Year ended March 31, 2013 | 864,667 | 490,217 | 56.6 |

(Reference) Equity: Third quarter ended December 31, 2013: 546,886 million yen
Year ended March 31, 2013: 489,421 million yen

2. Dividends

| | Dividend per Share | | | | |
|---|--------------------|--------------------|-------------------|----------|--------|
| | First quarter-end | Second quarter-end | Third quarter-end | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended March 31, 2013 | — | 19.00 | — | 12.00 | 31.00 |
| Year ending March 31, 2014 | — | 10.00 | — | | |
| Year ending March 31, 2014 (Planned) | | | | 22.00 | 32.00 |

(Note) Revision of cash dividend forecast for this period: None

3. Forecasts for Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Percentage represents comparison to previous fiscal year)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income per Share of Common Stock |
|-----------|-------------|-----|------------------|------|-----------------|------|-------------|------|--|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 1,015,000 | 0.4 | 65,000 | 27.4 | 63,000 | 30.3 | 50,000 | 17.8 | 126.06 |

(Note) Revision of forecast for this period: None

4. Others

(1) Changes of significant subsidiaries during the current fiscal year: None

(Note) This refers to presence/absence of changes to specified subsidiaries accompanying changes in scope of consolidation in the period under review.

(2) Adoption of special accounting methods: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

1. Changes in accounting policies with revision of accounting standards: Yes

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimate: None

4. Revision restatements: None

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury stocks):

Third quarter ended December 31, 2013 400,878,921 shares

Year ended March 31, 2013 400,878,921 shares

2. Number of treasury stock as of the term end:

Third quarter ended December 31, 2013 4,233,752 shares

Year ended March 31, 2013 4,279,760 shares

3. Average number of shares during the term (consolidated total for quarter):

Third quarter ended December 31, 2013 396,624,891 shares

Third quarter ended December 31, 2012 396,558,634 shares

(※Indication of quarterly review procedures implementation status)

This quarterly financial results report is exempt from quarterly review procedures under Japan's Financial Instruments and Exchange Law. It is under the review procedure process at the time of disclosure of this report.

(※Appropriate use of business forecasts; other special items)

Performance forecasts and other forward-looking statements contained in this report are based on information currently available and on certain assumptions deemed rational at the time of this report's release. Due to various circumstances, however, actual results may differ significantly from such statements.

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1. Performance and Financial Position

(1) Qualitative Information regarding the Consolidated Operating Results

During the nine months ended December 31, 2013, in the Precision Equipment Business, capital investment by manufacturers in the semiconductor-related market remained slow while that in the LCD panel-related market remained steady. In the Imaging Products Business, the overseas market for the Digital camera—Interchangeable Lens Type was sluggish, and the compact digital camera market continued to shrink. In the Instruments Business, the bioscience-related market saw increased public spending mainly in Japan, and the industrial instruments-related market saw signs of recovery in capital investment in Japan and other countries.

As a result of the foregoing, net sales for the nine months ended December 31, 2013 decreased by 30,792 million yen (4.0%) year on year to 732,483 million yen, operating income increased by 90 million yen (0.2%) year on year to 39,337 million yen, and ordinary income was down by 3,319 million yen (8.1%) year on year to 37,658 million yen, resulting in net income of 37,505 million yen, an increase of 5,174 million yen (16.0%) year on year.

For the third quarter ended December 31, 2013, responding to the request of expropriation for the construction projects of the new Yokohama 468 road by the Ministry of Land, Infrastructure, Transport and Tourism and the Yokohama-Fujisawa town planning road by Yokohama City, a part of land of the Yokohama Plant was transferred to the Ministry of Land, Infrastructure, Transport and Tourism, and the company recognized 15,006 million yen of extraordinary income as compensation for expropriation.

Performance by business segment is as follows.

In the Precision Equipment Business, we worked to expand sales by focusing on the foremost advanced ArF immersion scanner in the IC steppers and scanners field, while we expanded sales of devices for mid-to-small size high definition panels in the LCD steppers and scanners field. As a result, the overall profit in the Precision Equipment Business increased.

In the Imaging Products Business, under the continued adverse market condition, unit sales decreased year on year, but operating income increased year on year thanks to the improved product mix of digital SLR camera, cost reduction and favorable influence of exchange rate movements.

In the Instruments Business, we worked to expand sales in the bioscience-related field as public spending, mainly in Japan, increased. Additionally, the industrial instruments-related field saw signs of recovery in capital investment in some fields. As a result, the overall profit improved in this business segment.

(2) Qualitative information on Consolidated Financial Position

During the third quarter ended December 31, 2013, total assets increased by 94,852 million yen from the end of the previous fiscal year to 959,520 million yen. This is mainly due to the increase by 29,942 million yen in cash and deposits, the increase by 20,399 million yen in notes and accounts receivable-trade, the increase by 17,096 million yen in inventories, the increase by 6,122 million yen in property, plant and equipment, and the increase by 9,122 million yen in investment securities.

Total liabilities increased by 37,163 million yen from the end of the previous fiscal year to 411,613 million yen. This is mainly due to the increase by 27,290 million yen in notes and accounts payable-trade.

Total net assets increased by 57,688 million yen from the end of the previous fiscal year to 547,906 million yen. This is mainly due to the increase by 29,834 million yen in retained earnings and the increase by 21,568 million yen in foreign currency translation adjustment due to the progressing yen depreciation.

During the third quarter ended December 31, 2013, cash flows from operating activities amounted to an inflow of 57,415 million yen (compared with an inflow of 16,212 million yen in the same period of the previous year). This is mainly due to the post of income before income taxes by 54,036 million yen and the increase by 19,953 million yen in notes and accounts payable-trade, in spite of the increase by 8,761 million yen in notes and accounts receivable-trade, increase by 4,248 million yen in inventories, and the decrease by 4,351 million yen in advances received.

Cash flows from investing activities amounted to an outflow of 30,199 million yen (compared with an outflow of 51,650 million yen in the same period of the previous year), mainly due to the expenditure in the amount of 27,144 million yen for the purchase of property, plant and equipment.

Cash flows from financing activities amounted to an outflow of 9,438 million yen (compared with an outflow of 16,719 million yen in the same period of the previous year) mainly because of 8,334 million yen of cash dividends paid.

(3) Qualitative Information regarding the Consolidated Financial Forecasts

As for full year performance forecasts, in the Precision Equipment Business, although the challenging business climate is expected to continue in the semiconductor-related market, steady performance is expected in the LCD panel-related market. For the Imaging Products Business, weak market condition is expected to continue for the Digital camera—Interchangeable Lens Type market due to slow recovery of stagnant market conditions in regions including Europe and China, and the compact digital camera market is expected to see continued shrinkage. In the Instruments Business, the bioscience-related market is predicted to remain strong buoyed by public spending, and the

industrial instruments-related market remains uncertain, although there is some hope in the field of X-ray inspection system.

2. Notes Regarding Summary Information (Others)

(1) Changes in Significant Consolidated Subsidiaries

Not applicable

(2) Changes in Accounting Policies, Accounting Estimates and Restatement of Corrections

(Changes in Accounting Policies)

Due to the application of IAS 19 "Employee Benefits" (revised in June 16, 2011) from January 1, 2013, the method of recognition and presentation of actuarial gains and losses, past service cost and interest cost changed from the first quarter of fiscal year ending March 31, 2014 in certain overseas subsidiaries.

Those overseas subsidiaries applied the revision in this policy retrospectively, and the consolidated quarterly financial statements for the third quarter of the previous year and the consolidated financial statements for the previous year changed due to the retrospective application. The effect of this retrospective application on the consolidated quarterly financial statements for the third quarter of the previous year and the consolidated financial statements for the previous year was immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million of yen)

| | As of March 31, 2013 | As of December 31, 2013 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 110,281 | 140,224 |
| Notes and accounts receivable-trade | 134,225 | 154,624 |
| Merchandise and finished goods | 116,504 | 127,351 |
| Work in process | 119,760 | 129,808 |
| Raw materials and supplies | 33,147 | 29,349 |
| Other | 65,523 | 69,926 |
| Allowance for doubtful accounts | (3,795) | (4,199) |
| Total Current Assets | 575,647 | 647,084 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 45,774 | 51,917 |
| Machinery, equipment and vehicles, net | 57,551 | 61,544 |
| Land | 15,025 | 15,293 |
| Construction in progress | 15,935 | 10,525 |
| Other, net | 27,317 | 28,446 |
| Total property, plant and equipment | 161,605 | 167,727 |
| Intangible assets | | |
| Goodwill | 4,443 | 3,930 |
| Other | 27,826 | 29,676 |
| Total intangible assets | 32,270 | 33,607 |
| Investments and other assets | | |
| Investment securities | 66,859 | 75,981 |
| Other | 28,517 | 35,584 |
| Allowance for doubtful accounts | (231) | (465) |
| Total investments and other assets | 95,144 | 111,100 |
| Total noncurrent assets | 289,019 | 312,435 |
| Total assets | 864,667 | 959,520 |

(Million of yen)

| | As of March 31, 2013 | As of December 31, 2013 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 124,676 | 151,967 |
| Short-term loans payable | 18,739 | 19,478 |
| Current portion of bonds | — | 10,000 |
| Income taxes payable | 1,395 | 7,863 |
| Provision for product warranties | 8,096 | 6,936 |
| Other | 146,277 | 139,659 |
| Total current liabilities | 299,186 | 335,905 |
| Noncurrent liabilities | | |
| Bonds payable | 40,000 | 30,000 |
| Long-term loans payable | 22,600 | 22,600 |
| Provision for retirement benefits | 3,631 | 3,572 |
| Asset retirement obligations | 2,512 | 2,548 |
| Other | 6,519 | 16,987 |
| Total noncurrent liabilities | 75,263 | 75,708 |
| Total liabilities | 374,450 | 411,613 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 65,475 | 65,475 |
| Capital surplus | 80,711 | 80,711 |
| Retained earnings | 345,698 | 375,532 |
| Treasury stock | (12,804) | (12,662) |
| Total shareholders' equity | 479,081 | 509,057 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 9,482 | 16,740 |
| Deferred gains or losses on hedges | (216) | (1,448) |
| Foreign currency translation adjustment | 2,135 | 23,703 |
| Post retirement liability adjustment for foreign consolidated companies | (1,060) | (1,166) |
| Total accumulated other comprehensive income | 10,340 | 37,829 |
| Subscription rights to shares | 795 | 929 |
| Minority interests | — | 90 |
| Total net assets | 490,217 | 547,906 |
| Total liabilities and net assets | 864,667 | 959,520 |

(2) Consolidated Statements of Income and Comprehensive Income

① Consolidated Statement of Income

Nine months ended December 31, 2013

(Million of yen)

| | Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012) | Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013) |
|--|--|--|
| Net sales | 763,276 | 732,483 |
| Cost of sales | 496,693 | 471,077 |
| Gross profit | 266,583 | 261,406 |
| Selling, general and administrative expenses | 227,335 | 222,068 |
| Operating income | 39,247 | 39,337 |
| Non-operating income | | |
| Interest income | 516 | 601 |
| Dividends income | 1,249 | 1,050 |
| Equity in earnings of affiliates | 891 | 1,409 |
| Other | 2,298 | 3,657 |
| Total non-operating income | 4,955 | 6,718 |
| Non-operating expenses | | |
| Interest expenses | 823 | 958 |
| Foreign exchange losses | 1,130 | 4,350 |
| Other | 1,271 | 3,089 |
| Total non-operating expenses | 3,225 | 8,397 |
| Ordinary income | 40,977 | 37,658 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 216 | 43 |
| Gain on sales of investment securities | 5,132 | 1,365 |
| Compensation income for expropriation | — | 15,006 |
| Insurance income | 2,331 | — |
| Total extraordinary income | 7,680 | 16,415 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 18 | 24 |
| Impairment loss | 511 | 2 |
| Loss on sales of investment securities | 31 | 11 |
| Loss on valuation of investment securities | 121 | — |
| Total extraordinary losses | 683 | 38 |
| Income before income taxes | 47,974 | 54,036 |
| Income taxes | 15,644 | 16,521 |
| Income before minority interests | 32,330 | 37,514 |
| Minority interests in income | — | 9 |
| Net income | 32,330 | 37,505 |

② Consolidated Statement of Comprehensive Income

Nine months ended December 31, 2013

(Million of yen)

| | Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012) | Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013) |
|---|--|--|
| Income before minority interests | 32,330 | 37,514 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 528 | 7,269 |
| Deferred gains or losses on hedges | (309) | (1,232) |
| Foreign currency translation adjustment | 9,509 | 21,583 |
| Post retirement liability adjustment for foreign consolidated companies | 26 | (105) |
| Share of other comprehensive income of associates accounted for using equity method | 0 | (10) |
| Total other comprehensive income | 9,755 | 27,504 |
| Comprehensive income | 42,085 | 65,018 |
| (Breakdown) | | |
| Comprehensive income attributable to owners of the parent | 42,085 | 64,994 |
| Comprehensive income attributable to minority interests | — | 24 |

(3) Consolidated Statement of Cash Flows

(Million of yen)

| | Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012) | Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013) |
|--|--|--|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | 47,974 | 54,036 |
| Depreciation and amortization | 26,151 | 31,042 |
| Impairment loss | 511 | 2 |
| Increase (decrease) in allowance for doubtful accounts | (78) | 66 |
| Increase (decrease) in provision for product warranties | 353 | (1,494) |
| Increase (decrease) in provision for retirement benefits | (816) | (348) |
| Interest and dividends income | (1,765) | (1,651) |
| Equity in (earnings) losses of affiliates | (891) | (1,409) |
| Interest expenses | 823 | 958 |
| Loss (gain) on sales of noncurrent assets | (197) | (19) |
| Loss (gain) on sales of investment securities | (5,101) | (1,354) |
| Loss (gain) on valuation of investment securities | 121 | — |
| Compensation income for expropriation | — | (15,006) |
| Decrease (increase) in notes and accounts receivable-trade | (12,135) | (8,761) |
| Decrease (increase) in inventories | (25,197) | (4,248) |
| Increase (decrease) in notes and accounts payable-trade | 337 | 19,953 |
| Increase (decrease) in advances received | (12,944) | (4,351) |
| Increase (decrease) in accrued expenses | 11,490 | 3,686 |
| Other, net | 11,771 | (12,103) |
| Subtotal | 40,405 | 58,994 |
| Interest and dividends income received | 1,930 | 2,695 |
| Interest expenses paid | (781) | (932) |
| Income taxes (paid) refund | (25,342) | (3,343) |
| Net cash provided by (used in) operating activities | 16,212 | 57,415 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (51,839) | (27,144) |
| Proceeds from sales of property, plant and equipment | 2,494 | 191 |
| Purchase of investment securities | (202) | (1,684) |
| Proceeds from sales of investment securities | 5,277 | 3,846 |
| Net decrease (increase) in loans receivable | (233) | 31 |
| Proceeds from compensation for expropriation | — | 4,491 |
| Other, net | (7,146) | (9,930) |
| Net cash provided by (used in) investing activities | (51,650) | (30,199) |

(Million of yen)

| | Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012) | Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013) |
|--|--|--|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 259 | 284 |
| Proceeds from long-term loans payable | 200 | — |
| Repayment of long-term loans payable | (200) | — |
| Cash dividends paid | (15,248) | (8,334) |
| Other, net | (1,730) | (1,388) |
| Net cash provided by (used in) financing activities | (16,719) | (9,438) |
| Effect of exchange rate change on cash and cash equivalents | 4,412 | 11,012 |
| Net increase (decrease) in cash and cash equivalents | (47,744) | 28,788 |
| Cash and cash equivalents at beginning of period | 131,711 | 110,094 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 429 | 1,082 |
| Cash and cash equivalents at end of period | 84,396 | 139,966 |

(4) Note regarding Going Concern Assumption
Not applicable

(5) Segment Information

Information on sales and income (loss) by business segments reported

For the Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)

(Million of yen)

| | Business Segments reported | | | | Other ¹ | Total | Adjustment ² | Consolidated Statement of Income ³ |
|--------------------------------|----------------------------|------------------|-------------|---------|--------------------|---------|-------------------------|---|
| | Precision Equipment | Imaging Products | Instruments | Total | | | | |
| Sales | | | | | | | | |
| Outside customers | 120,154 | 588,411 | 35,879 | 744,444 | 18,831 | 763,276 | — | 763,276 |
| Intersegment sales or transfer | 731 | 582 | 865 | 2,179 | 26,743 | 28,922 | (28,922) | — |
| Total | 120,885 | 588,993 | 36,744 | 746,623 | 45,575 | 792,199 | (28,922) | 763,276 |
| Operating income (loss) | 5,083 | 52,444 | (4,759) | 52,768 | 2,303 | 55,072 | (15,824) | 39,247 |

Notes: 1. The “Other Business” category incorporates operations not included in business segments reported, including the glass-related business and the customized products business.

2. Adjustment of segment income (loss) refers to elimination of intersegment transactions of 211 million yen and corporate expenses of minus 16,036 million yen.

3. Segment income is adjusted with reported operating income on the consolidated financial statements.

For the Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)

(Million of yen)

| | Business Segments reported | | | | Other ¹ | Total | Adjustment ² | Consolidated Statement of Income ³ |
|--------------------------------|----------------------------|------------------|-------------|---------|--------------------|---------|-------------------------|---|
| | Precision Equipment | Imaging Products | Instruments | Total | | | | |
| Sales | | | | | | | | |
| Outside customers | 120,658 | 552,971 | 41,679 | 715,309 | 17,174 | 732,483 | — | 732,483 |
| Intersegment sales or transfer | 346 | 427 | 668 | 1,442 | 17,948 | 19,391 | (19,391) | — |
| Total | 121,004 | 553,398 | 42,348 | 716,752 | 35,122 | 751,874 | (19,391) | 732,483 |
| Operating income (loss) | 5,505 | 52,917 | (4,389) | 54,034 | 2,617 | 56,651 | (17,313) | 39,337 |

Notes: 1. The “Other Business” category incorporates operations not included in business segments reported, including the glass-related business and the customized products business.

2. Adjustment of segment income (loss) refers to elimination of intersegment transactions of 286 million yen and corporate expenses of minus 17,599 million yen.

3. Segment income is adjusted with reported operating income on the consolidated financial statements.

(6) Note in Event of Significant Change in Shareholders' Equity
Not applicable