

Date: June 29, 2006

Announcement of Allotment of Offered Stock Acquisition Rights  
(Stock Compensation-type Stock Options)

NIKON CORPORATION ("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 Directors and Executive Officers ("Offered Stock Acquisition Rights") and resolved to solicit those persons to subscribe to Offered Stock Acquisition Rights, pursuant to Article 238, Paragraph 1 and 2 and Article 240, Paragraph 1 of the Company Law.

1. Name of Offered Stock Acquisition Rights:

No. 4 Stock Acquisition Rights issued by NIKON CORPORATION

2. Total number of the Offered Stock Acquisition Rights:

99 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 1,000.

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, with any resulting fractional figure of less than one (1) share rounded down.

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

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.

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 the paid-in amount per share to be delivered upon the exercise of the Offered Stock Acquisition Rights (hereinafter referred to as the “Exercise Price”), multiplied by the Number of Shares Granted.

The Exercise Price shall be the higher of the following: (i) the average closing price of common shares of the Company in regular transactions at the Tokyo Stock Exchange (hereinafter referred to as the “Closing Price”) during the calendar month (excluding days on which no trades are concluded) immediately before the month of the date of the allotment of the Offered Stock Acquisition Rights as prescribed in 12 below (hereinafter referred to as “Allotment Date”), multiplied by 1.05 (any fraction of less than one (1) yen shall be rounded up to the nearest yen), or (ii) the Closing Price on the Allotment Date (if there is no Closing Price on the Allotment Date, the Closing Price on the last trading day prior thereto).

If either of the events (i),(ii) or (iii) below occurs to the common share of the Company after the Allotment Date, the Exercise Price shall be adjusted in accordance, and any fraction of less than one (1) yen shall be rounded up to the nearest yen.

(i) A share split or consolidation

$$\text{Adjusted Exercise Price} = \frac{\text{Exercise Price before Adjustment}}{\text{Ratio of Split or Consolidation}} \times \frac{1}{\text{Ratio of Split or Consolidation}}$$

(ii) The Company issues new shares or disposes of shares owned by the

Company at a price below the market price (except for the following cases: sales of shares pursuant to Article 194 of the Company Law (Request for sale of less-than-a-full-unit of shares by a shareholder having less-than-a-full-unit of shares), assignments of shares owned by the Company pursuant to Article 5, Paragraph 2 of the Supplementary Regulations of the “Law to Partially Amend the Commercial Code” (Law No. 79, 2001), and exercises of stock acquisition rights to grant holders thereof the right to request the delivery of common shares of the Company (including stock acquisition rights attached to bonds with stock acquisition rights)).

$$\frac{\text{Adjusted Exercise Price} \times \text{Exercise Price before Adjustment} \times \text{Number of Outstanding Shares issued} + \frac{\text{Number of Newly Issued Shares} \times \text{Paid-in Amount per Share}}{\text{Market Price per Share}}}{\text{Number of (Outstanding + Newly Issued) Shares}}$$

The “Number of Outstanding Share Issued” used in the above Formula shall be the total number of common shares of the Company less the number of common shares of the Company owned by the Company as treasury stock. Furthermore, if the Company is to dispose of the shares owned by the Company, the “Number of Newly Issued Shares” shall read “Number of Shares to be Disposed.”

- (iii) If, in cases other than those prescribed in (i) and (ii) above, any unavoidable cause for adjustment of the Exercise Price, including allocation without charge of any other type shares to common stockholders, any dividend payment to common stockholders holding the shares of other company’s, etc., arises after the Allotment Date, then the Company may adjust the Exercise Price within the reasonable range, taking the conditions for such share allocation or dividend payment into account.

5. Period for the Exercise of the Offered Stock Acquisition Rights

From June 30, 2008 to June 28, 2016

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 40, 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, if no such resolution by a General Shareholders' Meeting is required), the Company may acquire the 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, when the Organizational Restructuring becomes effective, deliver stock acquisition rights of any of the stock companies designated in (i) to (ho) of Article 236, Paragraph 1, Item 8 of the Company Law (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”) in accordance with the following conditions. 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 calculated by adjusting the Exercise Price prescribed in 4 above, taking the conditions for the Organizational Restructuring Conduct, etc. into account, 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.

- (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) Other conditions for the exercise of the stock acquisition rights

Those conditions will be determined according to 10 below.

#### 10. Other conditions for the exercise of the Offered Stock Acquisition Rights

If a Subscription Right Holder waives his or her Offered Stock Acquisition Right, he or she may not exercise the Offered Stock Acquisition Right

#### 11. 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 July 14, 2006 (if there is no Closing Price, the basic price of the following trading day).
- (iii) Exercise Price ( $X$ ): Price to be determined by the formula prescribed in 4 above.
- (iv) Expected remaining period ( $T$ ): Six (6) years
- (v) Volatility of share price ( $\sigma$ ): Volatility calculated on the basis of the Closing Price of the common share of the Company in regular transactions on trading days during the six (6)-year period from July 14, 2000 to July 13,

2006.

- (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 fiscal term ended in March 2006)  $\div$  Share price determined in (ii) above
- (viii) Cumulative distribution function of the standard normal distribution ( $N(\cdot)$ )

12. Allotment Date of Offered Stock Acquisition Rights

July 14, 2006

13. Due date for payment to be made in exchange for the Offered Stock Acquisition Rights

July 14, 2006

14. 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)

15. Payment-handling bank for the exercise of Offered Stock Acquisition Rights

Head Office of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (or its successor bank or successor branch office, if any)

16. Persons to whom Offered Stock Acquisition Rights will be allotted

12 Directors and 12 Executive Officers of the Company

End