

Social Topics

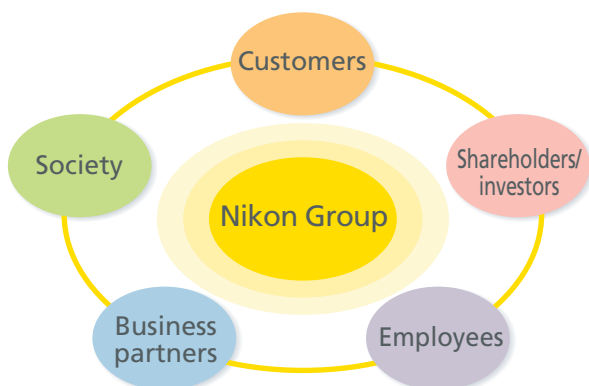
Relationship with Stakeholders

With the aim of gaining the confidence of stakeholders, the Nikon Group has implemented a wide range of measures to enhance communication with all of its stakeholders.

Nikon Group Stakeholders

The Nikon Group defines all of its “customers, shareholders/investors, employees, business partners and society” as a whole as stakeholders, and makes every effort to meet all of their expectations.

Conceptual Diagram of Stakeholders in Nikon Group



Basic Stance Towards Stakeholders

As it develops business worldwide, the Nikon Group bears responsibility for a diverse range of stakeholders. To maintain a good relationship with these stakeholders and further strengthen that relationship, two-way communication is a vital consideration.

The Nikon Group therefore gathers necessary information from stakeholders extensively, relying on the most appropriate means of communication with them, in order to gain a resource for improving performance.

By communicating with as many stakeholders as possible Nikon acquires an understanding of their intentions and desires. It then applies this knowledge during policy planning and when making other decisions to work towards the resolution of problems if they arise. Through activities such as this, Nikon aims to gain the confidence and trust of its stakeholders as a company that continues to be highly appreciated.

Communication with Major Stakeholders in Nikon Group

Stakeholder	Major means of communication	Information utilization results
Customers	Customer satisfaction surveys, questionnaires	Improved products, services, etc.
	Customer Support Centers to answer inquiries	Same as above
	Product pamphlets, detailed product manuals	Deeper understanding of products among customers
Shareholders/investors	Financial results conferences, explanation meetings, etc.	Reflects management objectives, etc.
	Visits to corporate investors (Japan, overseas)	Same as above
	Interviews with corporate investors, analysts	Same as above
	Fact books, annual reports (printed material)	Deeper understanding of management objectives and results among investors
	Investor information (website)	Deeper understanding of the company among investors
	Semiannual/annual business reports (printed material for shareholders)	Deeper understanding of the company among shareholders
	General meeting of shareholders	Reflects overall management, etc.
Employees	In-house publications	Improved in-house communication
	In-house information sharing systems	Same as above
Business partners	Procurement policy explanation meetings	Improved procurement methods, etc.
	Quality improvement meetings, opinion exchange meetings	Improved quality, etc.
Society	Sponsorships	Improved brand strategy, planning for new initiatives, etc.
	Social contribution activities	Improved social contribution activities, planning for new initiatives, etc.
All	Website	Reflects overall management, etc.
	Public relations magazines, corporate profile (printed material)	Deeper understanding of the company among readers

Relationship with Customers

A basic stance of the Nikon Group is to make social and economic contributions through activities that provide products and services useful for society. Every effort is being made at each Nikon company to create a business structure that best meets customer needs.

Improving Customer Satisfaction and Service Response

Activity of Precision Equipment Company

Although the Precision Equipment Company manufactures steppers and scanners for IC and LCD, its relation with customers is more than simply supplying equipment. The company believes that to assure customer satisfaction it is vital to communicate with them and provide follow-up support while offering useful recommendations.

Communication and Support Service

The Precision Equipment Company, like all other directly controlled subsidiaries and their overseas branches, serves as a base for communication and support services with customers all over the world. Customers requests, customer opinions, and local inputs gathered through those bases are immediately passed on and shared with the Support Department of the Company to ensure that the parties concerned respond to them as quickly as possible.

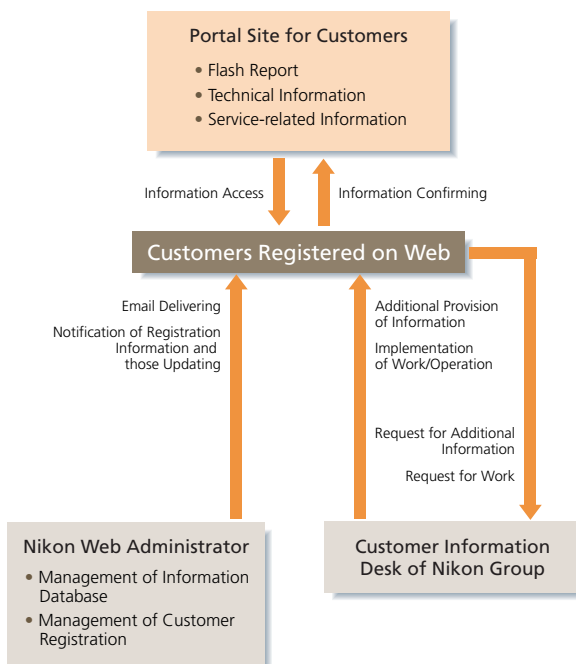
Support Activities

As well as prompt repairs if equipment breaks down, the Precision Equipment Company aims to provide support through preventive maintenance and customer assistance to sustain a high rate of operation and high productivity.

To accomplish these goals, the Company offers various proposals and recommendations towards the establishment of action plans through analysis on operating conditions of equipment, based on over 20 years of stepper development, extensive field service experience, and the ongoing acquisition of new technologies.

The Nikon *Seiki* Company Information Portal Site has been established to provide customers with the information they need for configuring, systematically maintaining, and upgrading the IC stepper. The site also provides technical data, maintenance information, and other support services for various other types of equipment, either directly or through links. These systems help the Company reflect the needs and opinions of customers into the development and improvement of products.

Outline of the Information Service System on Web



Environmental Activities Overseas

In June 2005, Nikon Imaging (China) Co., Ltd. became the first overseas subsidiary in the Nikon Group to obtain ISO 14001 certification. It was followed by Nikon (Thailand) Co., Ltd., in November 2006. These two subsidiaries have been conducting various environment conservation activities to reduce greenhouse effect gas and waste.



Environmental Education in China

Social Topics

Relationship with Customers

Activity of Imaging Company

In addition to providing outstanding image-related products, particularly digital cameras, the Imaging Company offers prompt customer support and extra convenience with service centers and call centers to handle inquiries and requests for repairs. Assistance is also provided by an extensive Frequently Asked Questions (FAQ) list and a streaming video "Watch and Learn Manual Digitutor" on the website.

Global at Customer Support System

Elsewhere, to quickly analyze and answer inquiries from around the world concerning requests for products and product quality, the company is implementing measures to establish an appropriate in-house structure and system that includes overseas Group companies.

The company has also established a special department to gather and analyze customer opinions and demands and apply this valuable information to product improvement and the planning and development of new products.

Outside Reputation

Nikon has won high praise from its products and services, both in Japan and abroad.

In June 2006, Nikon was selected as the first prize winner in the After-Sales Service Survey published by Japan's Nikkei Business magazine. The Company has won this distinction four times over the last seven surveys, including the 2005 survey.

In the US, Nikon Inc. received an hour of Manufacturer Service Support Award for the sixth year in a row in the grand conference of NAPET (National Association of Photo Equipment Technicians.)* The conference was held together with PMA 2007 (Photo Marketing Association International Convention & Trade Show,) one of the largest imaging equipment exhibitions in the US, in March 2007. No other company has won as many as six consecutive awards in the 47-year history of the NAPET conference. In a keynote lecture presented at PMA (Meeting needs. Exceeding expectations.) President Kariya spoke about huge contributions from Nikon in the development of digital imaging, including many contributions to come.

Nikon will continue working to improve customer satisfaction from a global perspective.



The 31st NIKON PHOTO CONTEST INTERNATIONAL 2006-2007

The Nikon Group has biennially held the international photo contest since 1969 to provide photographers around the world with opportunities to contribute to the development of photo culture, regardless of generational or national boundaries. Thousands of photographs are submitted from around the world every time. The prize-winning entries will be posted on the Nikon website in July 2007.



President Kariya delivering a lecture at PMA

*NAPET is an association of owners of certified repair shops for imaging-related products. The NAPET prize is awarded to the most excellent manufacturer in all aspects of customer service.

■ Activity of Instruments Company

Customers from various fields and industries rely on the products manufactured by the Instruments Company, from bioscience research institutions to manufacturing plants with assembly lines for electronic components, automobile parts, and so on.

The Instruments Company endeavors to develop new products and technologies to meet the various customer needs that have been identified and collected through marketing, sales, and CS activities.

Repair Service System (in Japan)

At the heart of Nikon's Customer Service Department there is a support system for repairs that are conducted through sales subsidiaries and distributors. With the consolidation of all domestic sales subsidiaries in April 2006, measures are now underway to provide repair support nationwide and services that better satisfy customer needs. The company also holds new product training sessions and repair technique training sessions for distributors as part of its on-going efforts to provide customers with higher quality services.



Microscope Workshop at the American Museum of Natural History

Nikon Instruments Inc. held three microscope workshops for the staff of the Discovery Room at the American Museum of Natural History in New York City, from September to November 2006. The Discovery Room is an exhibition room where families can enjoy studying plants, animals, and natural science. The Nikon workshop sought to improve the skills of the staff in both instructing visitors and collecting better images with microscope technologies.

▶ The American Museum of Natural History on the Website

<http://www.amnh.org/>

Visitors can observe microorganisms and nano-scale artifacts through microscopes manufactured by Nikon.



The Workshop

Privacy Information Protection

The proper handling of the privacy information obtained through customer registration, the Nikon Salon, etc. in a proper manner is an important social responsibility. The Nikon Group protects this privacy information vigilantly.

■ Nikon Group's Privacy Protection Policy

The Nikon Group has established a "Nikon Group Privacy Protection Policy" in order to maintain an advanced administrative structure in compliance with the relevant acts regarding the protection of privacy information. The policy has been made available on the company website by decision of NAME (President, CEO, COO and board member of Nikon Corporation, and director in charge of privacy information in the Nikon Group.) The group company websites also provide details on the progress of the group companies in handling privacy information based on the above policy.

▶ "Nikon Group Privacy Protection Policy" on the Website

<http://www.nikon.co.jp/main/eng/privacy/index.htm>

■ Education and Enlightenment

To enhance control over privacy information, a booklet of "Guidelines on the Privacy Information Protection" has been distributed to all Nikon Group employees in Japan. The office in charge of information management for the entire Nikon Group consists of Information System Planning Department and the Administration Department. The office regularly audits the information management structure and deals with inquiries on actual operations as needed.

■ Optimization of Information Management

To further optimize information management, including privacy information protection, various regulations, including the Information Management Rules and the Guideline for Confidentiality Classifications, have been established and put into practice as basic policies for information management in the entire Nikon Group.

For enhanced protection of privacy information in particular, a special management system has established to deepen awareness and understanding among all Nikon Group employees. Nikon Photo Products Inc. acquired the Privacy Mark in January, 2007. This certification is granted to organizations that properly handle privacy information.

Social Topics

Relationship with Customers

Product and Service Quality Control

The Nikon Group executes its daily production and other business activities with a focus on safety, environmental conservation, functionality, performance, and reliability as components of "quality." The aim is to provide even higher quality of products and services, based on guiding concepts of "customer focus" and "top priority on quality."

■ Policies and Systems for Quality Control

Based on the long-standing concept of "top priority on quality," the Nikon Group's corporate objective is "to provide the world with the latest and highest-quality products and services to contribute to the lives and cultures of people worldwide, using the outstanding technological capabilities of Nikon." The "Quality Control Directive (QCD)" has been established as a set of basic regulations for quality control, and information on basic policies and practical operations is conveyed far and wide throughout the entire Group. At the local level, every group company has set up a Quality Assurance Department to conduct reliability tests and process inspections for the verification of product quality.

■ Quality Control Committee Management

In line with "Nikon's Philosophy" and "Nikon Corporate Social Responsibility (CSR) Charter," the Quality Control Committee holds meetings to deliberate and determine basic policies and basic issues related to quality control. The management policy for the Committee is to make revisions when appropriate to enhance the quality control system so that it operates in a timely, effective manner, and to inform related departments of any decisions made while promoting quality control activities.

■ ISO 9001 Certification

All business departments and major subsidiaries have acquired the ISO 9001 certification, and all business activities are executed in line with the ISO 9001 Quality Manual based on the QCD. Partner companies are also required to fully understand the Nikon Group basic policy of "top priority on quality" and to enter into quality assurance agreements with the Nikon Group. Qualified ISO 9001 auditors in the Nikon cooperate for certification acquisition upon the request of partner companies.

■ Quality Control Audit

Quality control audit is conducted by the Chairman of the Quality Control Committee and involves inspection and verification of the status of quality control activities, reaching as far as Group companies. Information acquired is then assessed appropriately with the aim of improving both quality and efficiency.

In conducting a quality control audit, the Chairman of the Quality Control Committee recommends corrections and improvements of the measures used to eliminate improper practices, and modifies relevant provisions of the Quality Control Directive as needed. Highly important matters are reported to the Executive Committee, to ensure that appropriate responses are reflected in internal control.

■ Product Safety Assurance

All of the products are designed in consideration of safety, from the planning stage through to the final stages of the product life cycle.

Design is conducted in line with the "Safety Design Principle" and other guidelines drawn up based on international standards, and safety is verified through measures such as design review and inspection on the production line. When required, certification of safety is acquired from a third-party control body. As well as verification of prototype and product safety by the "Product Safety Test Room" established by the European certification body test laboratory TÜV SÜD (TÜV SÜD Product Service GmbH, Germany), the level of performance of examiners is strictly reviewed before certification to assure that only safe products reach customers.

If a problem with product safety arises, information is disclosed to customers as soon as possible and counter-measures are taken immediately after thorough investigations into the matter.

One safety problem occurred in the year ended March 2007. The problem was related to a defect in the power components for the "Nikon Industrial Microscope ECLIPSE LV Series." We wish to convey our deepest apologies to customers who may have been inconvenienced by this problem.

ISO/IEC 17025
(Certificate of conformance
to general requirements
for the competence of testing
and calibration laboratories)



▶ The defects in power components of Nikon Industrial Microscope ECLIPSE LV Series

http://www.nikon.co.jp/main/eng/news/2007/0208_01.htm

Relationship with Shareholders and Investors

To acquire the understanding and trust of shareholders and investors, Nikon Group provides a wide range of timely information as part of its vigorous approach to communication. We also make every effort to enhance feedback to management.

Disclosure to Shareholders and Investors

Basic Disclosure Policy

The Nikon Group's basic stance on information disclosure is to disclose corporate information in a fair and positive manner. In addition to observing the Timely Disclosure Rules established by Tokyo Stock Exchange, the Nikon Group continues working to foster a deeper understanding among its shareholders and investors by providing a wide range of information, from management policies and business activities to information on products and technologies.

Disclosure Tools and Timely Disclosure

When disclosing information, Nikon applies methods that are appropriate for the details being disclosed. Information is provided through the mass media with news releases and official announcements, and through other means such as explanation meetings, fact books, annual reports, semiannual/annual business reports and other printed material.

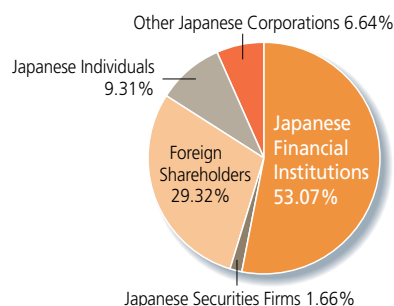
With the spread of the Internet in recent years and the increasing need to transmit information via a website, we established an "Investor Relations" section on our website to provide the latest news. Timely disclosure to investors is further assured by the use of the Tokyo Stock Exchange's "Timely Disclosure network (TDnet)."



"Investor Relations" Section on the Website

<http://www.nikon.co.jp/main/eng/portfolio/ir/index.htm>

Component Ratio of Shareholders
(as of March 31, 2007)



Communication with Shareholders and Investors

Communication Policy

Nikon Group employs a variety of means to enable interactive communication with its shareholders and investors as a way of promoting a deeper understanding of the company. At the same time, the active participation of top management assures that their opinions are more effectively applied to management.

IR Activities

The Nikon Group holds conferences on financial results, medium term management plans, and other topics for institutional investors and analysts in Japan. The Group also takes part in conferences organized by securities companies, to increase its opportunities for direct contact with investors. Group executives also travel internationally to augment their communications with overseas investors.

Communication with individual investors, meanwhile, are enriched through the Investor Relations activities and resources available through the Nikon website.

Major IR Activities in the Year ended March 2007

IR activity details	Record
Financial results conferences, explanation meetings, etc.	May, November
Interviews with institutional investors/analysts	About 300/year
Visits to overseas institutional investors	1 in Europe and US each
Visits to domestic institutional investors	About 20/year
Participation in conference organized by securities companies	5/year
Participation in small meetings organized by securities companies	About 10/year

Social Topics

Relationship with Employees

Nikon Group employees come from a wide range of backgrounds. The company's basic stance is to respect individual diversity and human rights, to treat people fairly without prejudice, and to provide an environment in which dedicated work leading to good results is possible.

To Create an Environment for "Meeting needs. Exceeding expectations."

■ Ideal Employees and Companies

The establishment of Nikon's Vision in April 2007 has led to a review of the personnel vision of the Nikon Group.

What are the ideal companies, and who are the ideal employees, to create an environment conducive to "Meeting needs. Exceeding expectations." within this Vision? What should Nikon do to foster these people and companies? The Personnel Management Department plays a core role in working out these questions, but all departments and employees are working with it. The Group goal is to share and inculcate a commitment to every personnel-oriented measure among all employees and group companies.

The personnel vision of Nikon exists to create an environment conducive to "Meeting needs. Exceeding expectations." in Nikon through the growth of both employees and companies. Nikon strives to materialize these goals through various personnel systems and measures for human resource development.

■ Working Environment to Foster Human Resources

Nikon recognizes its important responsibility, as a company, to provide a working environment in which employees can work to their full potential.

For that purpose, Nikon will shift its personnel system from a single-track structure to a double-track structure in the year ending 2008. Once the system is modified from a single track (Junior Staff level→Senior Staff level→Professional/Management level) to a double track (Junior Staff level→Senior Staff level→Professional level or Management level) an employee advancing to the final level will be assigned exclusively as either a "manager" to lead an organization or a "specialist" to contribute his or her knowledge and skill.

Under the new system, every employee will choose how he or she wishes to contribute significantly to the Company as an individual. We believe that employees with control over their own contributions to the Company will find more fulfillment in their work and perform at a higher level. Nikon will provide every employee with the opportunities to receive support for considering and making career choices. These efforts will help Nikon realize an environment where every employee can work effectively.

Outstanding Personnel Nikon is Looking For



■ Outstanding Personnel Nikon is Looking For

"Individual employees working energetically with a sense of involvement"

In concrete terms, the above concept means "employees who can firmly state their own opinions, debate authoritatively, and when a consensus has been reached, cooperate and act to achieve overall optimal results without adhering to their own ideas and views." This describes the kind of model employee Nikon is looking for, in other words, employees who:

"Work for the team, think on your own, and act."

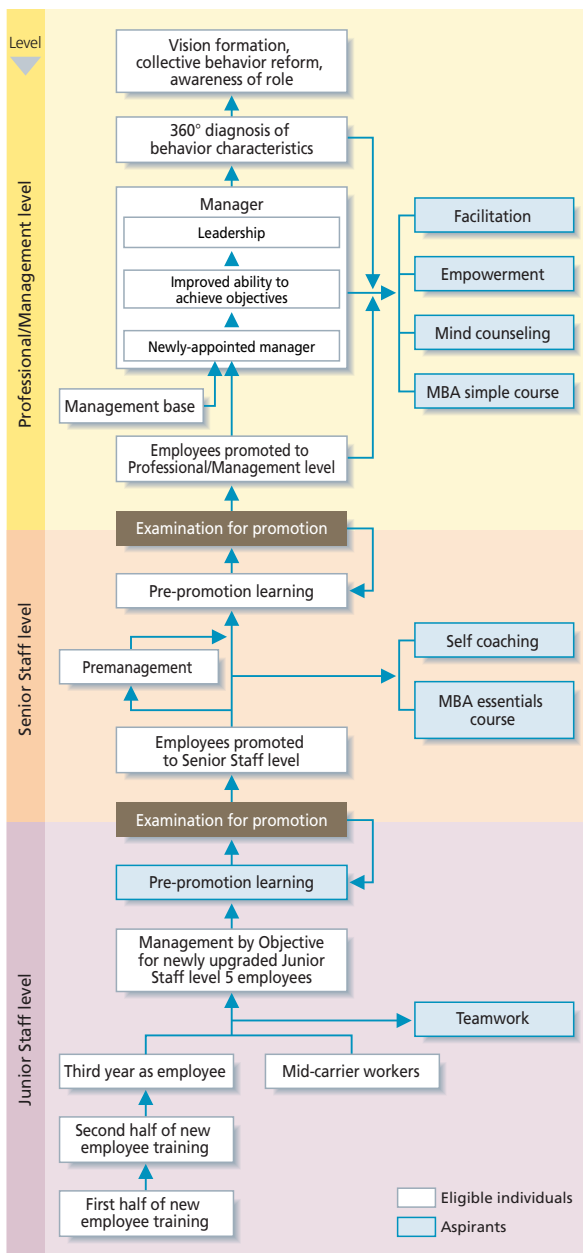
The aim is to achieve a feeling of solidarity and empathy from the standpoint of the company, workplace and individuals with employees who:

- Are not only wanted by the company but,
- Are worth nurturing at the workplace and,
- Are individuals with motivation.

Human Resource Development

The Nikon personnel system applies a set of Capability Indices to clearly specify the abilities required of the persons holding various positions within company. Training and self-development programs are provided to help employees master these requirements.

Position and Training Flow Nikon Employees (the Year ended March 2007 Ver.)



Training for Each Job Title

In addition to special trainings for the staff who are promoted to senior staff level and professional/management level, regular trainings for each job title, i.e. Junior Staff, Senior Staff and Professional/Management level, are implemented in the Nikon Group.

Skill Training for Each Line of Work

Nikon provides various technical training required in each line of work, as well as courses on business communication and business presentations in English.

Training for Newly Employed Staff

In addition to introductory training for new graduates from various schools, special training for those employed under the mid-career recruitment system are implemented twice a year.

Measures to Improve Nikon's Training Programs

The Nikon Personnel Management Department reviews the adequacy and effectiveness of training programs, in order to find ways to renew and improve the particulars. The annual plans for various training programs are submitted to a special committee consisting of heads of departments, in order to promote the exchange of views for the enhancement of Nikon's human resource development system.

Major Training Sessions Newly Added or Renewed in the Year ended March 2007

- "Workplace Vitalization Training" for managers
- "Ability Rating Training" for managerial staff
- "Leadership Development Training" for senior level staff with promotion
- "Step-up Training toward Self-Supported and Self-Directed Human Resources" for fifth-grade junior staff
- "Career Vision Training" for third-year general staff
- "Creation Seminar" for new-graduate technical personnel

Social Topics

Relationship with Employees

Fair Recruit Selection

To bring in a broad range of competent people, Nikon Group regularly recruits new graduates as well as individuals with experience of working in a company. At the employment interviews for new graduates, we place particular emphasis on creating an atmosphere, even before the interview, that will draw out their intrinsic capabilities. For individuals with previous experience, we have established "job description-free hiring" recruitment terms to enable us to attract aspirants from a wide range of fields regardless of their previous line of work.

Employment of the Disabled

Nikon Tsubasa Inc., an exceptional subsidiary, was established in 2000 in conformity with the Law for the Promotion of Employment, etc. of the Disabled. The number of mentally disabled employees working for Nikon Tsubasa has risen from 10 to 25, and now includes one female (as of March 2007.) The company accepts some orders from outside of the Nikon Group, and it has received high acclaim for its performance. By deploying highly experienced staff and instructors to train Nikon Tsubasa employees, the workforce learns to adeptly handle operations such as parts processing, packing, assembly, and maintenance for card-issuing equipment. Better still, a meticulous support system for the lives of the employees helps them realize their full potentials. The mentally disabled now work on assembly lines for precision instruments in several companies in Japan, and the trend has been attracting media attention.

The Nikon Group has already reached the statutory employment ratio of people with disabilities of 1.8% (the rate was 1.88% as of the end of March 2007,) and it continues to make vigorous efforts to create new workplaces for the disabled.

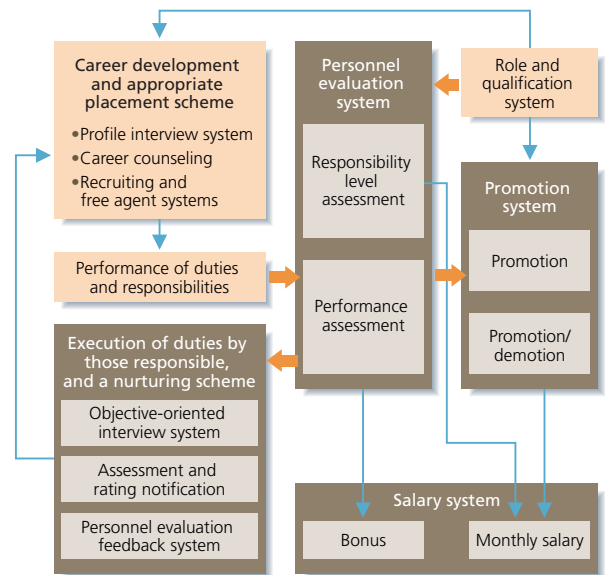


Work Site of Nikon Tsubasa Inc.

Personnel System and Wage System

Nikon considers the individual abilities and aptitudes of every employee, for future career development and proper placement. The various systems shown below have been introduced to promote two-way communication between superiors and subordinates and to deepen understanding of the grounds for their assessments, from the viewpoints of "individual growth" and "subordinate nurture." The objective-oriented interview system and profile interview system serve these ends, as well.

Nikon Personnel System Diagram



Continuing Employment System for Retirees

To operate as a company where the elderly can continue working insofar as they can and wish, Nikon has been running an Active Senior Employee System since April 2006. Under this system, employees reaching the retirement age (60 years old) can be reemployed if they satisfy a set of prescribed conditions. The age limit for reemployment is now 63, but it will be extended to 65 years for employees retiring after April 2009. Nikon Staff Service Corporation, a subsidiary established in 2004, adopted its own continuing employment system before the main system was established for the Group.

The Nikon Group endeavors to benefit from the contributions of the elderly by comprehensively facilitating the measures mentioned above.

Safety and Health

To help secure the safety and health of employees, representatives from labor and management pooled their efforts to the Safety and Health Committee. This committee investigates and deliberates issues to do with safety and health in the Nikon Group. Each year it prepares and supervises the implementation of basic policies and measures to enhance the safety and health of employees. A Plant Safety and Health Committee, meanwhile, has been established at each business institution under the relevant laws.

Adherence to related laws and cooperation among employees are essential to secure the safety and health of employees. Thus, the opinions of employees are collected and reflected in company-wide measures.

According to the targets and policies of each business institution, meanwhile, a set of Worksite Safety and Health Targets has been formulated at each work site to promote activities with the participation of the entire staff.

Various activities to secure safety and health are conducted at each plant production line based on a set of Safety and Health Management Rules specifying the responsibilities of the worksite managers. The Nikon Group makes every effort to fulfill its obligations as a business organization through the above-mentioned measures, and to comply with all relevant laws and regulations without exception. Recent work has focused on measures to optimize the mental health of employees and prevent health problems resulting from overwork.

Objectives and Policies of Company-wide Safety and Health Activities in the Year ending March 2008

Target:

A safe, healthy, vibrant corporation

Policy 1:

Safety considerations "From no accidents to no danger"

Policy 2:

Promote health improvement support activities

Policy 3:

Create a comfortable workplace

Routine Measures

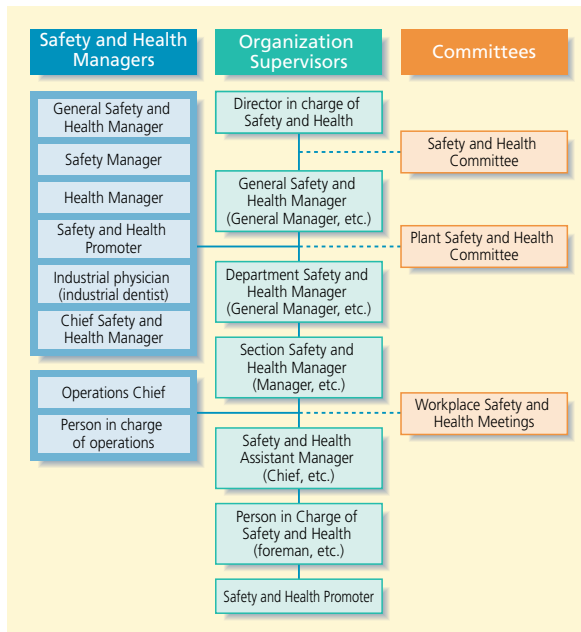
Work site patrols by Plant Safety and Health Committee members (once a month)

Work site self inspection by Plant Safety and Health Promotion Committee members (once a month)



Work Site Patrol

Nikon Corporation Safety and Health Management Organization



Recent Measures

Since July 2006

Introduction and implementation of a Rehabilitation Support System for employees on sick leave (fewer work days and shorter working hours)

In September 2006

Inspection and improvement of medical services at Nikon (Thailand) Co., Ltd.

In November 2006

Inspection and improvement of medical services at Nikon Imaging (China) Co., Ltd., Nanjing Nikon Jiangnan Optical instrument Co., Ltd. and Hikari Glass (Changzhou) Optics Co., Ltd.

Social Topics

Relationship with Employees

Obligation of Health Care and Security

■ A Guideline to Prevent Continuous and Excessive Overtime Work

To spare individuals from bearing excessive workloads and prevent workplace accidents due to fatigue, a set of guidelines for countermeasures against continuous and excessive overtime work was established on April 1, 2006.

When the total monthly overtime by an employee exceeds 80 hours for two months in a row, the next month is determined as a "cooling period," during which time the employee is prohibited from working more than 40 hours of overtime. If an employee works 80 or more hours of overtime during a "cooling period," the month after the "cooling period" is defined as a "no overtime period," during which time overtime work is forbidden. This regulation is also applied to specialists and managerial staff.

■ Rehabilitation Support System for Employees on Sick Leave

A rehabilitation support system for employees on sick leave has been in place since June 1, 2006. This system facilitates the rehabilitation of ailing employees to facilitate their return to work.

Under this system, an employee returning from sick leave may work for either shortened hours or a reduced number of working days per week, provided that their company accepts an application by a retread. The duration of the employees schedule for shortened work time should be within the limit required for rehabilitation, based on the company's estimation and the monthly applications that the employees themselves submit. Generally the duration will be up to three months (based on calendar days) from the date the retread returns to work.

Outline of the System for Shortening Work Hours or Reducing Workdays

Shortening work hours	<ul style="list-style-type: none"> • The work hours can be shortened by up to 4 hours a day, in units of 30 minutes. • When shortened work hours are permitted, the employees should never be asked to work overtime or on holidays, in principle. • When shortened work hours are permitted, employees working shortened work hours should never obtain half-holidays. This excludes, however, employees whose workdays are shortened by no more than two hours a day.
Reducing workdays	<ul style="list-style-type: none"> • When shortened work hours are permitted, employees working shortened work hours should never obtain half-holidays. This excludes, however, employees whose workdays are shortened by no more than two hours a day. • The off-duty day under the above-mentioned regulation should be used for the rehabilitation support required by the employee's company. • When reduced workdays are permitted, the employee working the reduced schedule should never be asked to work overtime or on holidays, in principle.



Promotion of women's participation

Nikon takes a progressive approach to promoting capability development for women and creating worksites in which women can play an active role. Self-fulfillment Training for female employees was planned and implemented as a first step to creating environments where women can maximize their potential and reap personal rewards through active work.

Nikon is accelerating its efforts to establish a framework under which female employees will act with a sense of purpose and effectively use their capabilities at all times.



"Self-fulfillment Training" for female employees

Work and Family Support System

Nikon has introduced various systems and measures to enable employees with childcare and nursing-care responsibilities to work with peace of mind.

Almost everyone who takes leave before and after childbirth and childcare leave returns to work. As for paid leave, employees take 60% or more of the 20 days of paid leave yearly offered on average, showing relatively high scores both in earning paid leave and using the days earned.

We strive to create a working environment where every employee can work vividly, keeping the balance between work and home.

Nikon Childcare/Nursing-Care Support System

Childcare related system	Nursing care related system
<ul style="list-style-type: none"> Steps to alleviate commuting stress during pregnancy (staggered hours/shortening of working hours by up to 2 hours) Time provided for hospital visits during pregnancy (1 hour-max. 1 day x number of hospital-visiting days) Childcare leave (as a general rule, until the child is 1 year old but can be extended to 1 year 6 months due to day nursery availability and other factors) Spouse maternity leave (2 days special leave) Choice of work hours (until the child is 1 year old: work time shortened by up to 4 hours per day/staggered hours) Shortened work hours (until the child completes year 3 of elementary school: up to 2 hours per day) Overtime limitation and exemption from late night work 	<ul style="list-style-type: none"> Nursing care leave (up to 1 year) Shortened work hours (up to 4 hours per day for 1 year) Special accumulated leave for accident, illness or nursing care (accumulation of up to 40 days of paid leave that cannot be carried over possible) Nursing leave (up to 5 days per year for nursing pre-elementary school children) Overtime limitation and exemption from late night work

Record of Leave Before and After Childbirth/Childcare Leave and Return to Work

Unit: person(s)

Year ended	Maternity leave	After maternity leave		Childcare leave acquired		Left company during childcare leave	Returned after childcare leave
		Returned	Childcare leave	Male	Female		
March, 2004	18	1	17	0	17	0	17
March, 2005	10	0	10	1	10	1	10
March, 2006	12	0	12	0	12	0	12
March, 2007	17	0	17	0	17	1	16

*As for childcare leave, the total number of employees who acquired them regardless of the number of days or the period of the leave is listed in the above table.

*The employees these leaves are applied to: regular, temporary and contract employees

Record of Nursing Care Leave Acquisition and Return to Work

Unit: person(s)

Year ended	Male	Female	Returned
March, 2003	2	1	3
March, 2004	0	0	0
March, 2005	2	0	2
March, 2006	1	1	2
March, 2007	0	1	1

*The employees these leaves are applied to: regular, temporary and contract employees

Record of Paid Leave Acquisition (on average)

Unit: days

Year ended	Union members			Employees		
	Male	Female	Total	Male	Female	Total
March, 2004	12.8	15.5	13.1	11.9	15.3	12.2
March, 2005	13.3	16.0	13.6	12.4	15.7	12.6
March, 2006	13.6	15.8	13.8	12.6	15.7	12.9
March, 2007	13.9	15.8	14.1	13.1	15.7	13.4

*The employees these leaves are applied to: regular, temporary and contract employees

System of Leave Acquisition Promotion

Scheduled acquisition system of annual paid leave has been established in Nikon. Each employee schedules to acquire annual paid leave in advance within the total days of leave; moreover, one day of them should be set out as an anniversary leave. The balance between work and private life can be maintained through utilization of these systems.

Outline of Leave Acquisition Promotion System

System	Acquisition Term	Number of days
Scheduled Leave Acquisition System	Half-yearly (once per half year)	Two days each
Anniversary Leave System	Yearly (all year)	One day
Annual Total		Five days

Social Topics

Relationship with Business Partners

To secure fairness and honesty in operations, Nikon procures its goods and materials in accordance with the Basic Procurement Policy of the Nikon Group.

Basic Procurement Policy of the Nikon Group

Nikon adheres to the following four basic policies in procuring materials from its business partners:

Our procurement activities are performed fairly and honestly, based on the existing Quality Control Directive (QCD) and the environmentally related policies and activities being rigorously promoted together with business partners.

Nikon Group's Procurement Basic Policies

1. Open-door procurement
2. Procurement based on fair competition
3. Procurement based on the concept of partnership
4. Green procurement

Communication with Business Partners

Promotion of Nikon Green Procurement Standards

For adherence to the Nikon Green Procurement Standards established in October 2005, Nikon held briefing sessions with its business partners to deepen their understanding on green procurement. Many partners from which Nikon procures are now required to enter a Nikon Green Procurement Declaration.

In the year ended March 2007, Nikon held briefing sessions for each Company and Division, and for major manufacturing and sales subsidiaries in Japan. Briefing sessions were also held for business partners of overseas affiliates in Europe, US, China, Thailand, and elsewhere. Through these sessions, Nikon subsidiaries and their partners deepened their understanding of the environment-friendly procurement activities of the Nikon Group. The Nikon Green Procurement Standards have been translated into English and Chinese, in order to respond to the rising volume of overseas procurement. The Nikon Green Procurement Standards and Nikon Green Procurement Declaration are both posted on the Nikon website.



Briefing Sessions

Briefing Sessions About Market Trend

Each subsidiary has held briefing sessions on market trends to help it form clearer business policies and product plans, with the intent to promote effective procurement through the establishment of close relationships with business partners.

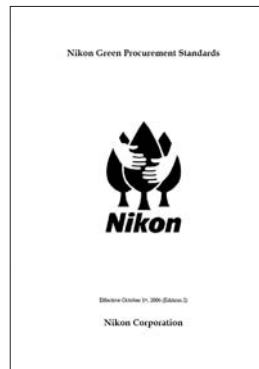
The Precision Equipment Company and Instruments Company held such sessions in the year ended March 2007.

Survey and Checkup of Environmental Conservation Structure

Nikon has conducted an Environmental Conservation Survey with questionnaires every year since 1999, to ascertain how well its business partners are addressing environmental management. The aim is to enhance environmental conservation measures in cooperation with business partners. As many as 320 companies responded to the survey in the year ended March 2007.

Approval of Environmental Partner

Based on the evaluation results of the Environmental Conservation Structure Checkup, the Nikon Group has certified a select group of business partners with outstanding records of performance in environmental conservation. Nikon began certifying these companies, the "Nikon Environmental Partners," in the year ended March 2007.



Nikon Green Procurement Standards



Nikon Environmental Partner Certification

Nikon Green Procurement on the Website

<http://www.nikon.co.jp/main/eng/portfolio/procurement/green.htm>

Relationship with Local Communities

The Nikon Group has participated in various local activities, including cleanup campaigns and environment-related events, to promote communication with local communities around its plants. By taking part in local festivals as a co-sponsor, Nikon also finds the opportunity to publicize its environmental conservation activities and encourage others to follow its example.

Activities in Diverse Fields

■ "Nikon Salon" Permanent Photo Galleries

With the aim of popularizing and advancing photographic culture, these spaces were opened in 1968 to exhibit outstanding photographic works by both amateurs and professionals in a wide range of fields. Various activities related to photography are conducted at the galleries in Ginza and Shinjuku in Tokyo, and in Osaka.

■ Cooperation for Major Disasters

For the relief of victims of the Java earthquake in 2006, Nikon sent donations and matched the gifts pledged by volunteer employees via the Japan Red Cross Society. Nikon also aided the victims struck by the earthquake in the Noto peninsula in 2007.

■ Joint-Hosting of International Children's Painting Competition on the Environment

The International Children's Painting Competition on the Environment has been organized annually by the United Nations Environment Programme (UNEP) and the Japan-based Foundation for Global Peace and Environment (FGPE) since 1991. Children from across the world are invited to contribute peace focused on the theme of "Let's protect our beautiful ocean, sky and forest for the future!" This contest is co-sponsored by Nikon.

The fifteenth annual competition in 2006 received over 8,000 entries from children of over 100 countries. The 'superwinners' of the global category and the top prize winners of six regional categories are invited to the award ceremony on the U.N. World Environment Day and presented with both plaques and prize money (held in Algeria in June 5, 2006.)



The First-prize painting drawn by Lau Tsun Ming (9 years old, China)

■ Support for the UN-Related Groups and Medical-Care/Welfare Groups

Nikon provide assistance for the groups supporting the activities of the United Nations. Also Nikon assents the activities related to medical aid and support for the disabled.

Support and Cooperation for Various Groups

■ Support for the Digital Camera Volunteer Association

Established to enable anyone to enjoy photography and experience new forms of expression, the Digital Camera Volunteer Association is operated by former Nikon employees, citizens of Shinagawa Ward, Tokyo, and other committee members. Nikon sponsors the activities of the association and provides support through the loan of camera equipment.

The association has held an annual Digital Camera Workshop for grade-schoolers since 2005, in addition to workshops for the middle-aged and elderly. The workshop for grade-schoolers in Shinagawa, Tokyo is already tremendously popular and deluged with requests for repeat events from other schools.



Digital Camera Workshop for Grade Schoolers

■ Co-sponsoring for Special Olympics

In the fourth Special Olympics in Kumamoto in November 2006, Nikon Essilor conducted visual acuity examinations for players and donated glass lenses.

The Special Olympics (SO) is an international sports association dedicated to the training of the mentally disabled for athletic competition. SO had its beginnings when Eunice Kennedy Shriver, the younger sister of the late President Kennedy, left her front yard open for the mentally disabled on what she called a 'camp day.'

Nikon Essilor will continue supporting the activities of the SO, including the next Yamagata Winter National Games.

List of the Groups Nikon Provides Support and Assistance

Groups Related to the United Nations

- Approved specified nonprofit organization: Japan Association for the United Nations World Food Programme

Medical Care and Welfare Groups

- Foundation: Japan Anti-Tuberculosis Association
- Foundation: Children's Cancer Association of Japan
- Foundation: Japan Sports Association for the Disabled (International Wheelchair Basketball Tournament)

Social Topics

Relationship with Local Communities

Supporting Global Environmental Conservation

Assent for the Nature Conservation Society of Japan

The Nature Conservation Society of Japan is an NGO dedicated to the protection of nature and the realization of a sustainable society of human communities living as part of the global environment. The society pursues its goals through activities based on scientific research, together with regional NGOs and researchers. Nikon donates equipment and materials to the society to support its efforts in the AKAYA Project, the first program in Japan to actualize the reconstruction of biological diversity through cooperation with the government and local citizens. Nikon also supports activities in the Real Nature Camp as a co-sponsor.



AKAYA Project

Auspices for Yokohama Wind Power Generation Project

The Yokohama Plant has co-sponsored a wind power generation project promoted by Yokohama City. A large windmill (118 meters tall) for power generation was built at Mizuho Pier of Yokohama Harbor and has been operated since April 2007. Nikon has been granted a Green Power Certification for ten years of the windmill's contract term, as a token of the Company's cooperation in the wind power generation project. Nikon is also designated as one of the Y-Green Partners, on the Yokohama City website, again in recognition of the Company's contribution to the project.



Wind Power Generation Facility in Yokohama City

Participation in the Light-Down Campaign Run by the Ministry of the Environment

Many business institutions with light-up facilities of Nikon Group, including Ohi Plant and Sendai Nikon, participated in the Light-Down Campaign. This activity has been organized by the Ministry of the Environment annually since June 2003 for enlightenment on global warming prevention. Neon lamps and other lights at participating sites were turned off during the campaign.

The campaign was held for five days, from June 17 (Saturday) to 21 (Wednesday,) the day of summer solstice. On the night of Sunday, June 18 the lighting facilities of various buildings and even general households were blacked out all together for two hours, from 20:00 to 22:00. The night was called "Black Illumination 2006."



"Black Illumination" of Ohi Plant

Cooperation for Research Project of Ecological System Destroyed by Acid Rain

Nikon has taken part in an international NGO, "EARTH-WATCH," conducting various activities for protection of nature and cultural heritages, as a corporate member. Furthermore, Nikon cooperated with one of the EARTH-WATCH projects, "Mountain Waters of Bohemia," which was the research project of ecosystem currently on the slow road to recovery in Czech Republic, through equipment donation in March 2007.



Donation of Equipment to Dr. Josef Krecek, the Chief Researcher of the "Mountain Waters of Bohemia" Project

Interaction with Communities Around Plants

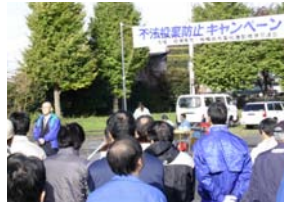
■ Sagamihara Plant

The Sagamihara Plant participated in the Environment Fair organized by the Sagamihara Environment Improvement Group at a civil festival in Sagamihara City in April 2006. The Plant set up an environment-related booth and workshops as a corporate sponsor.

In November 2006, the Plant took part in a campaign in Sagamihara to prevent the dumping of illegal waste, as part of a tripartite of citizens, corporations, and government. The waste illegally dumped around the Sagamihara Water Purification Plant was removed and collected. (Campaign slogan: "Stop illegal dumping now. Never do it yourself, or allow it to be done by others.")



Environment Fair



Sagamihara Illegal Dumping Prevention Campaign

■ Ohi Plant

In June 2006, the Ohi Plant lent a helping hand to the organizers of the Shinagawa ECO Festival 2006, an event held under the auspices of Shinagawa Ward, Tokyo. The annual festival was held to discover the joys and importance of solving environmental issues. The Ohi Plant organized a booth for nature observation using the Fieldmicroscope and a workshop to create and use handmade magnifying glasses.

In September 2006, the Plant participated in the Community Building Project Exhibition, an event held by the Urban Policy Division of Shinagawa Ward Office to renew communication with local corporations.



Shinagawa ECO Festival 2006



Community Building Project Exhibition

■ Mito Plant

The Mito Plant took part in the Environment Fair 2006 held in Ibaraki in October 2006. The main attractions at the Nikon booth were an insect "observatorium" with the Fieldmicroscope and the demonstration of a project concept to promote a "Metal Chip Separating Sweeper." The Plant present Nikon's environmental activities to visitors through these activities.

In November 2006, the Plant staff took part in the Hinuma Beautiful River Cleanup hosted by the Cleanup Hinuma Network. The event was held in Tengu-no-mori (the long-nosed goblin's forest) at the foot of Mt. Atago, in Kasama City, Ibaraki. Prefectural environment advisors gave lectures and visitors observed nature using the Fieldmicroscope, and the Fieldscope.



Environment Fair 2006



Hinuma Beautiful River Watching

■ Cleanup Activities Around Plants

Nikon carries out annual cleanup activities around its plants, as well as the roads and fields nearby. In November 2006, the Kumagaya Plant cleaned up the square by the south exit of JR Kagohara Station.

Nikon will continue these activities and others like it to contribute to local communities.



Cleanup Activity by Nikon's Employees