

Relationship with Customers

The 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 in-house company to create a business structure that best meets customer needs.

Quality Control for Products & Services

The Nikon Group supplies products and services with an emphasis on its customers and giving priority to Nikon quality, which includes safety, environmental protection, functionality, performance, and reliability. This inclusive concept pervades daily production activities and related business operations and is key to Nikon's efforts to make products of ever better quality.

■ Policies and systems for quality control

Based on the Nikon Group's traditional priority on quality, the Nikon Code of Conduct declares that the Group will supply products and services that excel in quality and safety and are useful to society. To achieve this, the Quality Control Directive (QCD) has been established as a set of basic regulations for quality control; information on basic policies and practical operations is conveyed 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

In line with the corporate philosophy and Nikon Corporate Social Responsibility (CSR) Charter, the Quality Control Committee deliberates and makes decisions on fundamental policies and basic issues related to quality control. Also, the committee strives to improve the quality control systems and conducts prompt reviews of the systems to ensure that they are working effectively. At the same time, it informs all related departments of the decisions it has made and fosters quality control activities across the board.

■ ISO 9001 certification

The Nikon Group is conducting business operations in line with its ISO 9001 Quality Manual created based on the QCD, and all the business segments of Nikon Corporation and major Group companies have acquired ISO 9001 certification.

We also conclude quality assurance agreements with our business partners based on their understanding of the Nikon Group's "quality first" policy. At the request of our partners, we send Nikon Corporation's qualified ISO 9001 auditors to them to help them acquire ISO 9001 certification. Moreover every November, which is designated as "Quality Month" in Japan, we hold lectures inviting external experts so that employees of both Nikon Group companies and their partner companies can improve their quality-related skills.



Lecture on Quality attended by staff from partner companies as well as Nikon Group employees

■ Quality control audits

In the Nikon Group, quality control audits are conducted by the Chairman of the Quality Control Committee based on the QCD. Specifically, the chairman inspects, checks, and evaluates the quality control activities conducted at Nikon Group companies to help them improve the quality of both their products/services and business operations.

The audited companies are required to make corrections and improvements to any shortcomings found in the audits, and the QCD is revised as required. Important findings are reported to the Executive Committee and are also used to improve internal controls.

In the year ending March 31, 2010, we will further increase the frequency of quality control audits, focusing more on audits of sales departments, where quality-control awareness tends to diminish over time, and audits of basic business operations conducted in common by all departments, thereby further improving quality throughout the Nikon Group.

■ Product safety assurance

The Nikon Group gives due consideration to the safety of its products throughout their lifecycle, from the initial planning stage.

Specifically, we design our products in line with the Safety Design Principles that we have formulated based on relevant international standards, and then confirm their safety through measures such as design reviews and inspections carried out on the production line. We also obtain safety certification from third-party control bodies as necessary. Furthermore, our Product Safety Test Room ensures that only safe products reach our customers. This testing group has passed the stringent certification criteria of TÜV SÜD Product Service GmbH, Germany, a certification body for testing laboratories in Europe.

Quality and safety problems in the year ended March 31, 2009

► For information on the recall and free replacement of Nikon's C-HC1 biological microscope specimen holder, see:

http://www.nikon.com/about/news/2008/0507_01.htm

Relationship with Customers

Strengthening Manufacturing Competitiveness

The Nikon Group is committed to strengthening its manufacturing competitiveness constantly to meet the expectations of its customers. This involves a wide variety of production methods for different products, ranging from cutting-edge IC steppers and scanners demanding ultra-high precisions to consumer products that require enhanced efficiency. While giving careful consideration to the characteristics of each product, we are working to both strengthen and make more efficient our manufacturing capabilities in all production processes. The entire Group is thus striving to improve competitiveness in terms of speed and cost as well as quality.

Five-point initiative for strengthening manufacturing competitiveness

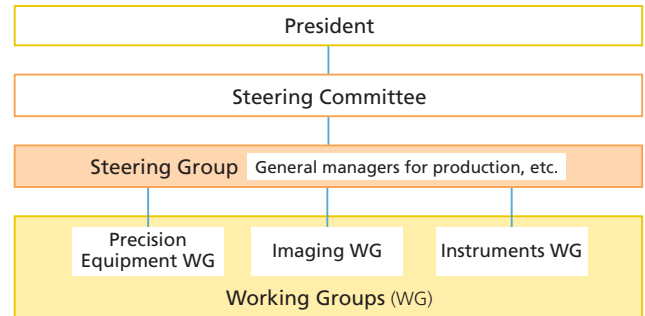
- Development reform
- Production preparation
- SCM (supply chain management) enhancement
- Productivity reform
- Human resource development

■ Mono Project

To strengthen manufacturing competitiveness, a Group-wide Manufacturing Reform Project, led by the president of Nikon Corporation, was started in 2006. Separate working groups were set up for each of the Nikon Group's core businesses (Precision Equipment, Imaging, and Instruments) and progress is being made with these reforms while ensuring close coordination between different businesses. These working groups have succeeded in improving the productivity of the Group by reducing lead times and reforming production methods. Specifically, they are adopting simplified designs and common platforms in the development process and improving the preparatory procedures for production toward the goal of (a)

eliminating waste and establishing production methods that are suited to Nikon products and (b) pursuing front loading and the ability to mass-produce at once. We will continue to strengthen our manufacturing competitiveness and efficiency to achieve more reforms.

Manufacturing Reform Project Organization (Mono Project)



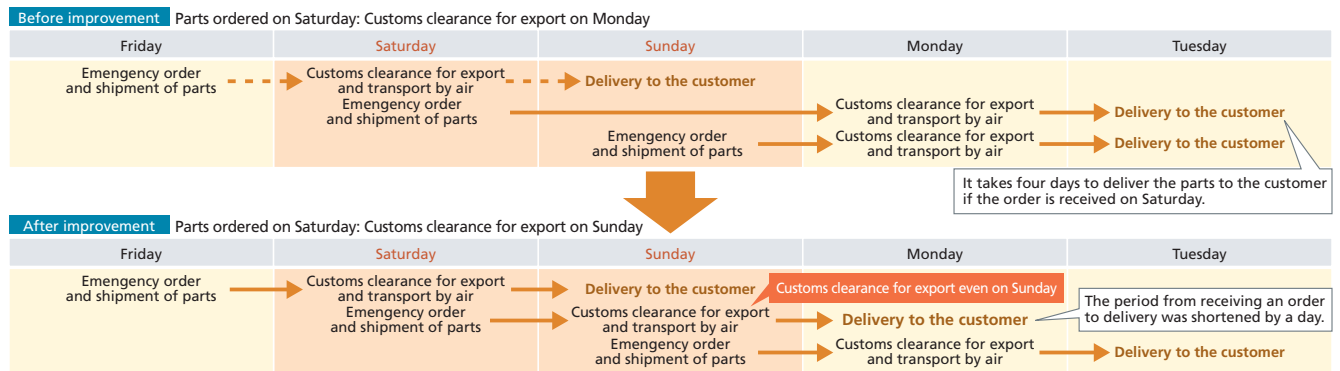
Improving Customer Satisfaction and Service Response

In order to accurately assess customer feedback and to fine-tune Nikon's response, each company in the Group has its own independent system for supplying goods and services.

■ Precision Equipment Company

The Precision Equipment Company supplies steppers and scanners for use in the manufacture of semiconductors and LCD panels, but its links to customers are not limited to the supply of these products. Based on the recognition that it is also essential to provide customers with highly satisfactory support services, Service Management Department conducted

Improvements in the Precision Equipment Company's system to supply repair parts to overseas Group companies



Note: The Nikon Parts Center is in charge of emergency orders and shipment of parts and customs clearance for export and transport by air, while overseas Group companies are in charge of delivery.

a unique customer satisfaction survey both online and offline. The comments made by customers in the survey were analyzed to identify problems to be solved to improve customer satisfaction. The survey results were reported to the Executive Meeting, the decision-making organization of the company, for use as valuable information for improving its products and services. One of the important findings of the survey conducted in the year ended March 31, 2009 was the need of establishing a better system to supply repair parts to overseas Group companies, and accordingly, the in-house company implemented measures to speed up the supply process.

Support activities

The Precision Equipment Company has a system to promptly supply repair parts to customers when Nikon products being used by them break down. Also, this in-house company has introduced and is using a prediction system for overseas Group companies to help them optimize their parts inventories and improve the delivery of parts to customers. In addition, the company is continuously taking measures to build an effective supply chain and is committed to making further improvements by incorporating customers' opinions.

■ Imaging Company

The Imaging Company is committed to meeting and exceeding customers' needs, endeavoring to please them, which in turn will bring happiness to the company. To support this, the company has call centers and service contacts that directly listen to the opinions of customers. In addition, it is taking measures to collect and analyze the "hidden" opinions of cus-

tomers. Also, all the company's departments are making a concerted effort to develop products and give support services in an integrated manner.

Sharing "hidden" opinions of customers

The service department deals directly with and collects opinions from customers all over the world. Staff members are also trying to find out the "hidden" opinions of customers by examining the products deposited by customers for repair. The marketing department, on the other hand, analyzes the opinions of customers received at the call centers, which amount to nearly 20,000 per month in Japan alone.

The information thus collected is used at the VOC and VOP meetings of all departmental managers to incorporate customers' opinions into Nikon products. As for quality-related problems, all departments meet together to clarify the causes from various aspects working toward a solution. In addition to this, at meetings held to decide which product will be released as new models, opinions collected from customers and points noted by the service department are all referred to in order to release a better product with the next model. The company is thus providing employees with more opportunities to share customers' opinions so that they can develop better products, improve existing products, and expand services. The Imaging Company also checks and reviews its company-wide policies and business processes at an annual meeting called the "system inspection meeting."

"Number one service support" for customers

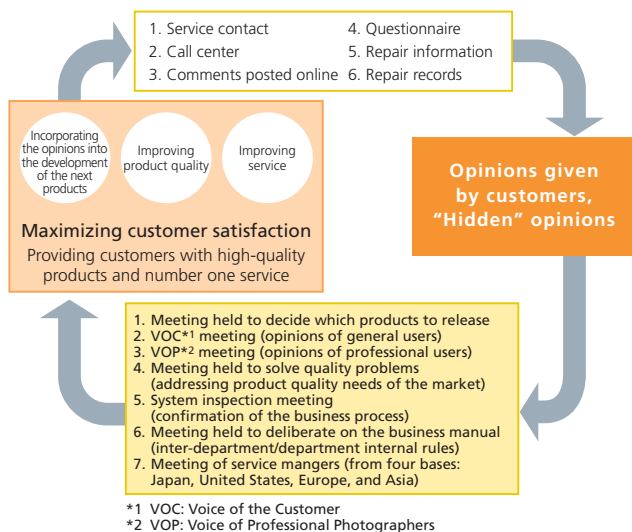
The Imaging Company is implementing a range of measures to provide customers with high-quality services, always trying to maximize customer satisfaction. The company has increased the number of repair centers and direct customer contacts in order that as many customers as possible can feel closer to its products. As a result, as of March 2009 the number of direct customer contacts totaled more than 200 in 62 countries and regions of the world.

In order to improve the service level, the Imaging Company holds biannual meetings of service managers drawn from its bases all over the world to set common targets, check on the progress made, exchange the latest information, share successful examples, and solve problems.

The company also has a service training system in place, which is intended to help employees maintain, improve, and pass on their service skills. Under this system, service personnel in Japan are sent overseas and those outside Japan come here to receive training on service skills.

In 2008, the Imaging Company introduced an e-learning system for service personnel to enable them to obtain the latest product knowledge and skills using IT. In addition, the company established a certification system for employees engaged in product repairs, thereby building a more systematic educational system.

Cycle to incorporate customers' opinions



Relationship with Customers

As a result, in the annual survey on customer satisfaction conducted by *Nikkei Business* with after-sale service in Japan in 2008, Nikon Corporation was ranked top in the digital camera category for the fourth time in a row. In addition, one of our Group companies in the United States was awarded the Martin Strauss Memorial Manufacturer Service Support Award by the National Association of Photo Equipment Technicians (NAPET) for the eighth consecutive year. We will continue our efforts to provide customers with the best service in the world.



Upper: Meeting of service managers from bases around the world
Lower: Award ceremony held by NAPET

■ Instruments Company

The products of the Instruments Company are used by a broad range of customers, from those working in research fields, such as bioscience to those involved in manufacturing, such as electronic components and automobile assembly. The company is striving to develop new products, new technologies, and new services in response to the wide variety of customer requests received via its marketing, sales, and CS activities.

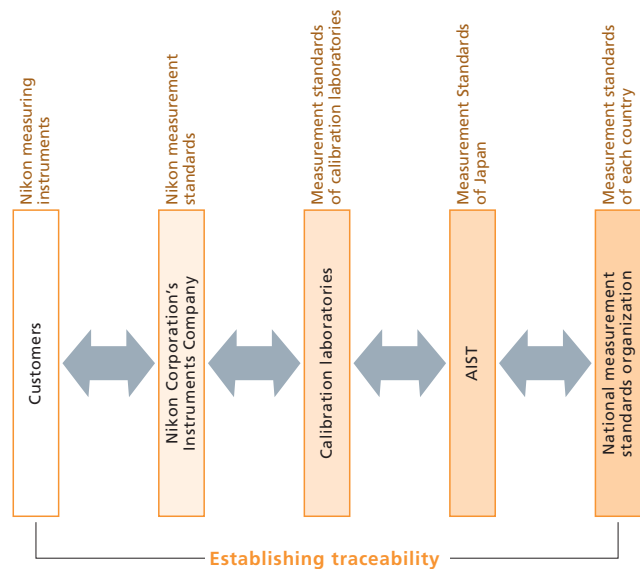
High-precision measuring instruments that meet international standards

The Instruments Company helps its customers improve their quality control systems through its products and services. Specifically, it provides customers with measuring microscopes, profile projectors, and CNC video measuring systems. It also provides them with calibration services to verify the precision of these measuring instruments.

When goods are traded, it is important that their length and weight are measured using the common measurement standards. With the globalization of trading, it is essential that the same measurement standards are shared across the world, regardless of who manufacture them in which corner of the globe. Manufacturers of measuring instruments are therefore required to make their products traceable to the relevant international standards. Nikon measuring instruments are calibrated by various calibration laboratories as well as by the National Institute of Advanced Industrial Science and Technology (AIST) and are traceable to the measurement standards set by the national measurement standards organization of different countries. In order to increase the reliability of its own calibration services, the Instruments Company is pressing forward with acquiring ISO/IEC 17025* accreditation and has already acquired this certification for measuring microscopes and profile projectors. The company will acquire accreditation for other product categories in order to give more support to customers who are globalizing their businesses.

*ISO/IEC 17025: International standard on quality systems for testing and calibration laboratories. The targets for this standard are not products or services but calibration and testing methods and related technologies. Compared with ISO 9001, more strict traceability requirements are set for this standard. It is particularly essential to meet ISO/IEC 17025 requirements in the automobile industry, which is becoming more globalized than others.

Traceability



Relationship with Shareholders and Investors

To gain the better understanding and trust of shareholders and investors, the 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

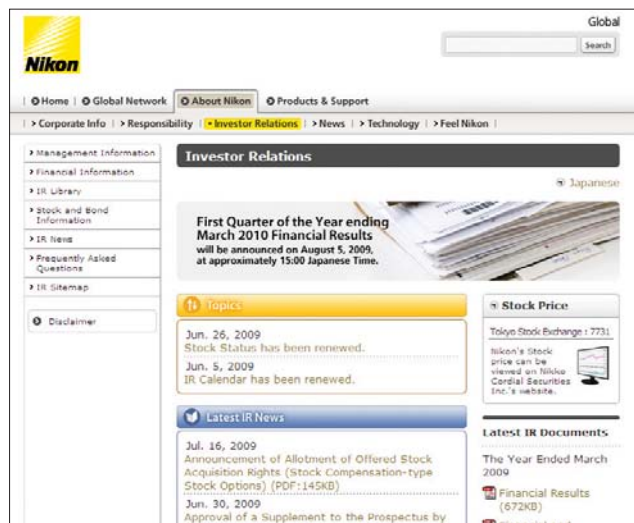
Basic disclosure policy

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 the 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 briefings, fact books, annual reports, semiannual/annual business reports for investors, and other printed materials.

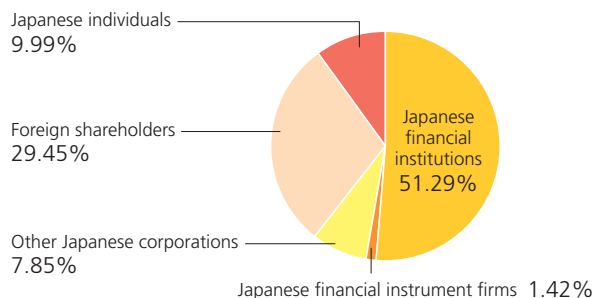
With the spread of the Internet in recent years and the increasing need to transmit information via a website, we established an Investor Relations section on our website to provide the latest news. Timely disclosure to investors is further assured by the use of the Tokyo Stock Exchange's Timely Disclosure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



Nikon's Investor Relations (IR):

<http://www.nikon.com/about/ir/>

Nikon shareholders (as of March 31, 2009)



Communication with Shareholders & Investors

Communication policy

The 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 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.

Communications 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 31, 2009

IR activity	Frequency
Financial results conference, explanatory meetings, etc.	May, August, November, and December
Interviews with institutional investors/analysts	400/year approx.
Visits to overseas institutional investors	One each for Europe, USA, and Asia
Visits to domestic institutional investors	60/year approx.
Participation in conferences organized by securities companies	4/year
Participation in small meetings organized by securities companies	4/year

Relationship with Employees

Nikon Group employees come from a wide range of backgrounds. The Group's basic stance is to respect the diversity and human rights of employees, treat them fairly without prejudice, and provide an environment where everyone can devote themselves to achievement.

The Ideal Employee, The Ideal Company

The Nikon Group believes it necessary to build a relationship between employees and the Group that facilitates growth for both, in order to continue "Meeting needs. Exceeding expectations." Nikon Corporation will develop human resources who can lead an organization and train subordinates and contribute to the company with knowledge, technology, and skills, under the slogan, "Work for the team, think on your own, and act."

Personnel System

Nikon Corporation classifies employees into three levels (Junior Staff, Senior Staff, and Professional/Management) according to their abilities, and clearly states the responsibilities of each level. In October 2007, the company introduced a dual-track system, where employees are divided into two classes: managers with responsibility to lead the organization and specialists who make use of their knowledge and skills.

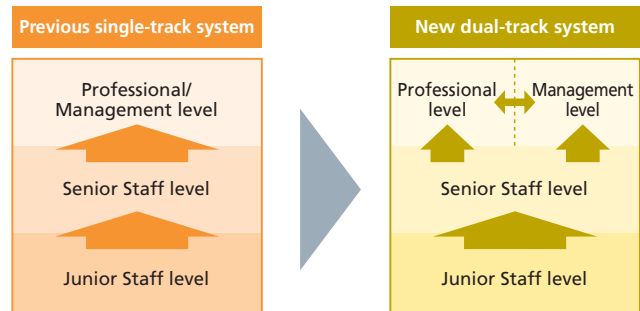
Under the new system, every employee will choose how they wish to contribute significantly to the company as an individual. As a result, employees will have higher motivation to display their abilities and pursue goals with a sense of meaning. Employees who are approaching the level at which they will make choices are provided support in the form of career planning sessions.

Performance-linked grades are set for each of the levels,

and employees who are reaching an upper grade on the level will take a promotion test. Based on the results of the test and the actual performance of the employee, the company will decide whether to promote the person or not. In addition, the company has a system under which managers and subordinates meet and decide on performance targets for their subordinates. This system helps employees understand the results of their performance evaluation and further develop and grow their individual abilities.

In the year ended March 31, 2009, management by objective (MBO) training was conducted targeting all employees at grade 5 on the Junior Staff level and some managers (voluntary participation).

Nikon's personnel system



Note: The personnel system does not cover part-time employees, temporary personnel, or dispatched workers.

Message from the director responsible

Becoming a truly excellent corporation where every employee can display their abilities

The Nikon Group regards all its employees across the world as important stakeholders and believes it essential to create an environment where employees can display their abilities to the full and develop themselves through work, in order for the Group to become a truly excellent corporation.

It is also vital for the sustainable development of our business to provide employees with more opportunities to develop their abilities, provide them with systems that facilitate their work, create a free and open corporate culture, and promote better work-life balance through more efficient and flexible working styles. Specifically, we are striving to provide employees who have different backgrounds with working environments that enable them to display their abilities. For example, we are strengthening support for female workers so that they can work comfortably even after they get married and have children, increasing the employment of people with disabilities by expanding the business size of our exceptional subsidiary, and

improving the employment rate of the elderly. Also, we respect basic global human rights, including the prohibition of child labor and forced labor as a basic policy, although in Japan we tend to take it for granted that these rights are protected.

The Nikon Group will take on the challenge of "Meeting needs. Exceeding expectations." by strengthening our manufacturing competitiveness and financial structure while fostering the development of human resources, the fundamental elements of the Group amid the harsh business climate.

Yoshimichi Kawai
 Director
 Member of the Board and Executive Office
 Nikon Corporation



Human Resource Development & In-house Training

Major achievements in the year ended March 31, 2009

- Conducted morale-boosting and target setting ability improvement training for managers.
- Provided training for younger employees.
- Assessed the effectiveness of engineer training courses.
- Educated new and mid-career employees on human rights.
- Carried out a 360-degree diagnostics targeting managers.

Nikon Corporation has used three ability indicators to establish a training system within its personnel system: “target setting and achievement ability,” “communication ability,” and “educational ability,” and provides training menus to enable employees to receive training according to their level on a continual basis.

Group companies within Japan dispatch employees to the training sessions held by Nikon Corporation. Group companies both in Japan and abroad also implement their own human resource development and training programs.

■ Improving target setting and achievement ability

In addition to training for employees to be promoted to Senior Staff and Professional/Management levels, teamwork, leadership, and management training courses were held for each of the Junior Staff, Senior Staff, and Management levels, and a total of 978 employees participated in the 48 training courses.

■ Improving communication ability

In order to develop human resources who “work for the team, think on their own, and act,” coaching, facilitation, and leadership advanced training sessions were held, as well as training sessions on global subjects, such as cross-cultural communication and Business English. A total of 652 employees participated in the 42 training courses.

■ Educating younger employees and improving the educational abilities of employees

With regard to the education of younger employees, employees in their first year at the company were provided with collective training and also received support for OJT so that they could communicate with their managers and instructors closely. In addition, employees in their second year received training on the PDCA cycle, and those in their third year received career awareness training, to prepare them to become mid-level employees. Training to improve the educational abilities of employees was provided for a broader range of employees together with coaching and morale-boosting training. A total of 1,275 employees participated in the 39 training courses.

■ Evaluating the effects of engineer training

We established a method of evaluating the effects of engineer training in the year ended March 31, 2008 and began evaluate the effects in the year ended March 31, 2009, targeting a total of 3,263 employees attending 170 courses. In the follow-up surveys conducted after the training of both existing and new engineers, 84% of respondents answered “The course was useful for my job,” and “What I have learned can be specifically applied to my job,” thus demonstrating that participants are generally satisfied with the training. We will continue to provide training that is useful for actual work, using the survey results as indicators.

■ Comfortable working environment

We are improving managers’ management capabilities and awareness of human rights to ensure that each employee can display their abilities to the full. In the year ended March 31, 2009, we carried out a 360-degree diagnostics of sectional managers to improve their management capabilities, and fed back the results to help them develop. In the future, we will link the diagnosis with training. In the same fiscal year, we educated new employees on basic human rights as part of the training provided to them on entering the company, and a total of 368 new employees learned about basic human rights.

Diversity

The Nikon Group respects individual diversity, including a person’s gender, age, nationality, personality, culture, and values. The management attaches great importance to creating a corporate culture in which every employee can develop to their full potential, free from prejudice. To achieve this, there are several ongoing initiatives, including upgrading systems, and educational activities designed to spread and firmly establish diversity awareness throughout the organization.

Employees of Nikon Group companies within Japan

Units: people

		Total number	Sectional or higher-level managers	Number of leavers	
				Retirees	Others
Men	Nikon Corporation	5,879	1,167	111	50
	Group companies within Japan*	2,936	263	16	81
Women	Nikon Corporation	547	16	10	8
	Group companies within Japan*	587	2	3	39

*Consolidated Group companies within Japan excluding Nikon Corporation.
Notes: The number of employees does not include part-time employees, temporary personnel or dispatched workers, or directors of Nikon Corporation. Employees dispatched to affiliates are included in the number of employees of the company from which they are dispatched.
Total numbers and numbers of sectional and higher-level employees are as of March 31, 2009.
The numbers of leavers are for the period from April 1, 2008 to March 31, 2009.

Relationship with Employees

Support for women in the workplace

Major achievements in the year ended March 31, 2009

Nikon Corporation:

- Established the Work and Family Support subcommittee to examine the improvement of childcare-related systems for supporting female workers with children.

Domestic Nikon Group companies:

- Opened a blog on diversity and began continuous awareness raising activities.
- Mandated female employees to participate in the "self-realization" training (and 117 employees participated).

Targets for the year ending March 31, 2010

- Start measures to help female employees display more abilities across the Nikon Group within Japan.
- Promote awareness raising among managers.
- Provide continuous "self-realization" training for female employees.

Nikon Corporation has been employing and treating employees without gender discrimination. In reality, however, there are differences between the numbers of male and female employees and managers. We regard this as a challenge to be tackled. Accordingly, we have been proactively implementing measures to create a corporate culture where female employees can develop and display more abilities. In the year ended March 31, 2009, we focused on establishing a better support system for female employees and on raising awareness within the company.

Average years of service and ages of male and female employees of Nikon Corporation (as of March 31, 2009)

	Average years of service	Average age
Men	20.6 years	44.3 years old
Women	15.4 years	38.8 years old

Voice

Becoming the first female manufacturing engineer

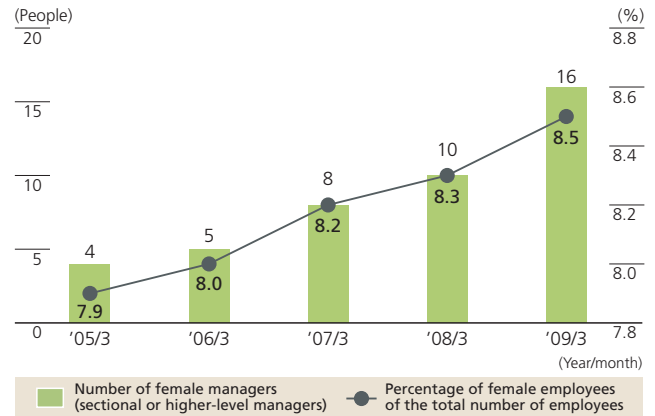
Nikon Corporation has a system in which employees are given points when they have passed a national examination on technical skills and are certified as a "manufacturing engineer" when their points exceed a predefined level. Although it was difficult for me to acquire skills outside the field in which I was engaged, I was able to widen my skills by making efforts to be certified as a manufacturing engineer. By broadening my skills, I can also widen the range of my job, and I would like to continue to improve both my technical and business skills in a balanced manner.

Sakiko Unakami

Electrical Assembly Group
Assembly Section
Production Department
Customized Products Division
Nikon Corporation



Percentage of female employees and number of female managers at Nikon Corporation (as of March 31, 2009)



Enhancing support for female employees

In the year ended March 31, 2008, we examined measures to help female employees display their abilities through an in-house project team. In April 2008, we established a more robust support system, in which the Personnel Management Department and the CSR Section of the Corporate Planning Department cooperate to implement specific measures for female employees. We also founded the Work and Family Support subcommittee to examine how to improve our childcare-related systems. This subcommittee comprises female employees who are working while bringing up their children.

We plan to establish a similar subcommittee for each line of work, which will examine the specific measures needed to provide female employees with a more comfortable working environment.

Opening the "diversity blog"

We opened a blog on diversity on the Vision and CSR Website for Nikon Group employees within Japan. In order to help female employees display more abilities in their work, we continuously dispatch information on successful examples of female employees who work for Nikon Group companies within Japan, including information on compatibility between work and childcare.

Training for female employees

Starting in 2007, we now require all Nikon Group female employees in Japan to attend self-realization training by March 31, 2013. A total of 174 female employees have already participated in the training. About 28% of female employees at Nikon Corporation have already attended. The training is intended to help female employees work with satisfaction, expressing their potential to the full. For female employees at workplaces where there are few women, the training also gives a chance to join an in-house network of female employees.

■ Employment of the disabled

Major achievement in the year ended March 31, 2009

- Established another Tsubasa workshop within the Nikon Corporation's Sagamihara Plant.

Main target for the year ending March 31, 2010

- Expand the business scope of the Tsubasa workshop established in Sagamihara in the year ended March 31, 2009.

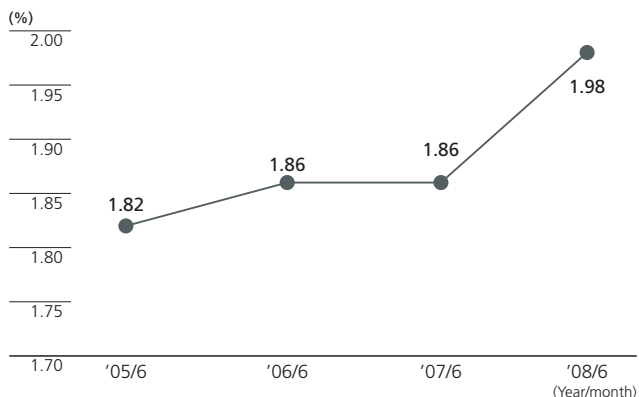
Based on the Act on Employment Promotion etc. of Persons with Disabilities, Nikon Corporation established Nikon Tsubasa Inc. as an exceptional subsidiary in 2000. The number of mentally disabled employees working for Nikon Tsubasa has risen from 10 to 28 (as of March 31, 2009) over the ten years since it was established. The company accepts some orders from outside the Nikon Group, and it has received high acclaim for its performance. Since very experienced staff and instructors are on hand to train Nikon Tsubasa employees, the workforce learns to adeptly perform such operations as parts processing, packaging, and assembly.

A meticulous support system for employees helps each of them realize their full potential in the workplace. It is one of very few factories in Japan where the mentally disabled are involved in the assembly of precision instruments, and this has attracted media attention.

Nikon Tsubasa operates within Nikon Corporation's Yokohama Plant, but in August 2008 an additional workshop was opened with two employees within the Sagamihara Plant. The tasks undertaken by Nikon Tsubasa will also expand to include the inspection of finished glass products.

Nikon Corporation, Nikon Tsubasa Inc., and other Group affiliates, which have government approval to calculate the rate as a group, have already achieved the statutory employment rate for people with disabilities, at 1.98%. We will continue to make vigorous efforts to create new work opportunities for the disabled.

Employment rates of people with disabilities



Note: The employment rates are based on the annual report on the employment of people with disabilities, which is published on June 1 every year.

■ Continuing employment system for retirees

Major achievement in the year ended March 31, 2009

- Reemployment rate of Nikon Corporation's retirees = 61% (49% in the previous fiscal year)

At Nikon Corporation, all employees who will be reaching retirement age in the following year can attend the Life Plan Seminars organized by the company to help them prepare for retirement. In the year ended March 31, 2009, the company held these seminars eight times a year. From the fifth seminar, employees were allowed to participate with their spouses, and 12 couples attended the fifth one. For these seminars, lecturers are invited to come and talk on the specifics of the state pension system, living expenses, taxes, etc. for retirees. Participants can also learn about the company's reemployment system. In addition, to operate as a company in which the elderly can continue working insofar as they can and will, Nikon Corporation has been running an Active Senior Employee System since April 2006. Under this system, employees reaching the retirement age (60) are given the opportunity to be reemployed if they satisfy certain conditions. Nikon Staff Service Corporation, a subsidiary established in 2004, has been offering similar opportunities to retirees since before the Active Senior Employee System was available. In the year ended March 31, 2009, 60% of those reaching the retirement age were reemployed by Nikon Group companies. By comprehensively facilitating such measures, domestic Nikon Group companies will benefit by retaining the valuable skills of veteran employees.

Through these measures, we will continue to help employees enjoy their lives after retirement.

Voice

Giving support to help each employee develop their potential

Our company's name "Tsubasa" (wings) implies that both the company and its employees want to have the "wings" to become independent in society, like a bird flying freely in the sky. I believe it is important to establish a system in which employees can cultivate reliable relationships and really enjoy working under the slogan, "developing human resources through manufacturing." I would like to support each employee in continuously developing their potential.



Isao Ando

Manager of the Production Department
Nikon Tsubasa Inc.

Relationship with Employees

Safety & Health

Major achievement in the year ended March 31, 2009

- Work time lost to accidents in Nikon Group companies within Japan: 15 cases (291 days), cases of death due to labor accidents: zero

To ensure the safety and health of all employees, Nikon Corporation has established a Safety and Health Committee. Each Nikon Group company has a statutory safety and health committee, but the Safety and Health Committee is different from other committees: this committee investigates and deliberates on matters related to Nikon Corporation's safety and health policies and on the basic measures taken to maintain and promote employees' health. The Safety and Health Committee is composed of representatives of both labor and management to ensure that the opinions of employees are proactively incorporated into the measures implemented by the company.

Based on the targets and policies set by each business site, a set of Workplace Safety and Health Targets has been formulated to promote activities with the participation of the entire staff at each workplace. Moreover, based on the Safety and Health Management Rules specifying the responsibilities of the local managers, Nikon Corporation makes every effort to fulfill its obligation as a business organization and to comply with all relevant laws and regulations without exception.

All business sites of Nikon Corporation are striving to eliminate risk factors and improve safety for employees through risk assessments. Also, in order to improve health and safety management levels across the entire Nikon Group, employees in charge of health and safety at Group companies are provided with practical training, and a network of these employees has been established.

Column

Commendation for Health and Safety by the Minister of Health, Labour and Welfare

Shigeru Itabashi, who works as a foreman at the Third Engineering Section of Sendai Nikon's Products Engineering Department, received a commendation from the Minister of Health, Labour and Welfare in recognition of his excellent health and safety management. Including Mr. Itabashi, who was the only one chosen from Miyagi prefecture, only 40 foremen were commended for their health and safety achievements by the Minister in the fiscal year.



Award ceremony

Nikon Corporation's policies on safety and health for the year ended March 31, 2009

Goal: A safe, healthy, vibrant corporation

Policy 1: Giving consideration to safety—from zero accidents to zero risk

Policy 2: Conducting more activities to promote health

Policy 3: Promoting comfortable workplaces

Health Care

Nikon Corporation's major activities in the year ended March 31, 2009

- Introduced a system to control overtime work.
- Conducted mental health training for new managers.
- Provided new employees with an opportunity to experience the counseling service and educated 35-year-old employees on mental health.

■ Health management support

For the prevention of lifestyle-related diseases, Nikon encourages employees to establish healthy dietary and exercise routines. The key is to take responsibility for one's own health. Nikon is working to further enhance in-house support systems for employee health management, coordinating with the company's health insurance union, which supervises the health checkups and guidance stipulated by the Law on Securing Healthcare for the Aged, enacted in April 2008.

■ Health care and working hours

In recent years, the negative impact that excessive work can have on people's health has become an issue of considerable social concern. In response, Nikon Corporation is implementing measures to prevent employees from suffering damage to their health and mental problems due to excessive work.

Specifically, we have gone beyond what is legally required, establishing physical checkups for those who are thought to be overworked, and introducing a rehabilitation support system for employees on sick leave. In addition to our focus on health management, we have implemented a Working Hours Campaign since April 2006 to bolster management capabilities and convey the message that each individual needs to rethink their working style.

In the year ended March 31, 2009, we invited psychiatrists to give lectures, and also introduced a system for the prior application and approval of working hours with the aim of raising employees' awareness of controlling their working hours and improving it. Under the system, we ensure that prior application is made and approval given where necessary for overtime, night, and holiday work.

■ Rehabilitation support system for employees on sick leave

In June 2006, Nikon Corporation introduced a rehabilitation support system for employees on sick leave. This system is aimed at the rehabilitation of ailing employees to facilitate their return to work. Employees returning from sick leave may apply to work for either shortened hours or a reduced number of working days per week, provided that the company deems such an accommodation is necessary.

Furthermore, a rehabilitation plan is drawn up by professional staff including industrial doctors, nurses, and managers from personnel and labor departments and other relevant departments, who provide further support in the form of regular meetings with the employees.

■ Health care for staff on overseas assignments

Owing to the increasingly global nature of Nikon Corporation's business, there are increasing concerns about the health risks (infectious diseases, etc.) faced by employees overseas. In response, we have established a health management system for people assigned overseas to reduce health risks.

Support System for Work-Life Balance

Major achievements in the year ended March 31, 2009

- Awarded the Next-Generation Certification Mark (informally called "Kurumin").
- Improved the childcare and nursing care support systems.
- Implemented a trial for working at home (for three months).

Nikon Corporation has adopted systems and measures that enable employees involved in childcare or nursing care to work without increased stress or anxiety. We revised the childcare system in July 2008 to enable employees to take childcare leave for up to two years. Also, it is now possible for employees to work both flextime and for shorter hours at the same time. Employees can make use of these arrangements regardless of the situation of their spouse. Nikon Corporation thus provides employees with support that exceeds the standards required by law.

For three months from October to December 2008, we implemented a trial for working at home. We will verify the results and decide our policies on working at home.

In addition, we were awarded the Next-Generation Certification Mark (informally called "Kurumin") in May 2008, which is given to companies that introduce measures based on the Act on Advancement of Measures to Support Raising Next-Generation Children.

Labor-Management Relations

At Nikon, there is a labor union that belongs to the Japanese Association of Metal, Machinery, and Manufacturing Workers

(JAM) and a branch of the All-Japan Metal and Information Machinery Workers Union (JMIU), and members of both unions are Nikon Corporation's regular employees. The company and these organizations discuss various issues related to the working environment, hold joint study meetings, and exchange opinions as necessary. Labor-management relations are stable, and there are no issues of note. As of March 31, 2009, the labor union has 5,065 members and the union branch nine, which totals 5,074.

When a substantial change is made to an employee's job, Nikon Corporation discusses the matter with the labor union and obtains its prior approval and then takes the time needed to communicate it to the employee. In the year ended March 31, 2009, there were joint ventures with affiliates and layoffs at overseas and domestic plants.

Appropriate Management of External Manpower

The Nikon group's manpower planning and management are based on the business plans of each in-house company. Depending on the type and duration of each job, the company will, when necessary, sign agreements with agencies or subcontractors to either hire temporary staff or outsource the work.

We are committed to complying with all laws and regulations relating to the management of external manpower, coordinating closely with manpower agencies, subcontractors, and the regulatory authorities.

Voice

Childcare leave has a positive effect on both private and working life

When my child was one year and three months old, I took a month off as childcare leave. During that month, my relationship with my child gradually changed. At first, my child did not seem to know who I was, but finally became very attached to me. After I returned to work, I began to work more efficiently than before to reduce my overtime work so that I could go home early. By this new experience in my private life, I have recognized that there are many different values in the world, which makes it easier for me to listen to different opinions at work.



Taro Sugihara
Product Marketing Section
Marketing Department
Precision Equipment Company
Nikon Corporation

Relationship with Business Partners

The Nikon Group is committed to conducting sound business activities in cooperation with its business partners. In particular, we are promoting CSR-oriented procurement and green procurement with our procurement partners.

Cooperation with Procurement Partners

■ Fostering CSR-oriented procurement in the supply chain

The Nikon Group strives to ensure that its procurement partners understand its approach to CSR, including its priority policies and CSR concepts such as the corporate philosophy of "Trustworthiness & Creativity." Following the formulation of the Nikon CSR Charter, we revised the Nikon Basic Procurement Policy in December 2007. Based on this policy, we have been procuring materials from suppliers in a sincere and fair manner.

The Nikon Group is also actively promoting CSR-oriented procurement across the supply chain, in order to contribute to building a better society and global environment and to continue to retain the trust of society. For the promotion of CSR activities with procurement partners, we also established the Nikon Procurement Partners' CSR Guidelines on December 1, 2007.

▶ Nikon Green Procurement Standards:

<http://www.nikon.com/about/info/procurement/green.htm>

▶ Nikon Procurement Partners' CSR Guidelines:

<http://www.nikon.com/about/info/procurement/csr.htm>

■ CSR Guidelines briefing for procurement partners

In the year ended March 31, 2009, based on the recognition that there is a strong requirement for companies to implement CSR measures across their supply chains, we held a total of 13 meetings on the Nikon Procurement Partners' CSR Guidelines with domestic procurement partners, and a total of 1,180 people participated. We plan to hold similar meetings with the Nikon Group's overseas procurement partners as well. In cooperation with our procurement partners, we will proactively foster CSR-oriented procurement across the supply chain.



CSR Guidelines briefing session for procurement partners

■ Conducting a survey targeting procurement partners

At the briefing sessions held for our procurement partners in the year ended March 31, 2009, we distributed a questionnaire on CSR, in which we asked partner companies to carry out a self-evaluation of their CSR activities. We received replies from 686 companies (response rate: 59.8%) and fed back the results to each of the companies. According to the results, more than a few companies think that they are not making enough public announcements on their progress in CSR activities and that they are not committed enough to raising the awareness of their own business partners for their activities for "sound corporate activities" and for "quality, safety, and business continuity."

Based on the results, the Nikon Group believes it is important to further foster CSR-oriented procurement in its supply chain. We plan to distribute this questionnaire on a regular basis.

Voice

Promoting CSR-oriented procurement through relationships of trust

I believe it is important for us to help those responsible for procurement in Nikon Corporation's business sectors and at other Group companies deepen their understanding of CSR-oriented procurement, in addition to allowing our procurement partners to understand the Nikon Group's CSR policies and ideas. To this end, I try as much as possible to explain them through face-to-face discussions. We will continue to foster CSR-oriented procurement, while building relationships of trust with our procurement partners and Nikon Group employees responsible for procurement.

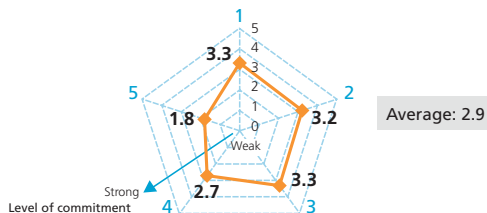
Masaharu Ohtsuka

Manager, Procurement Planning Section
Procurement & Facilities Management
Department
Business Administration Center
Nikon Corporation



Reference: CSR questionnaire for Nikon domestic procurement partners

Results of the questionnaire on CSR targeting procurement partners (general results and average responses)



<Questions>

1. Do you clearly state in your management policies that you attribute importance to corporate social responsibility (CSR)?
 - (1) Yes, we do.
 - (2) Yes, but not clearly enough.
 - (3) No, we do not state it clearly/do not state it at all.
2. Do you have a code of conduct on CSR for the entire company?
 - (1) Yes, we do.
 - (2) We have a code of conduct that refers to CSR, although it does not cover all aspects of CSR.
 - (3) No, we do not have a code of conduct that refers to CSR/do not have any code of conduct.
3. If your answer to Question 2 is "Yes, we do" or "We have a code of conduct that refers to CSR, although it does not cover all aspects of CSR," which of the following items is (are) covered by the code of conduct? (Multiple answers allowed)
 - (1) Fair trade and ethics
 - (2) Quality, safety, and business continuity
 - (3) Human rights and labor
 - (4) Safety and health
 - (5) Consideration for the environment
 - (6) Social contribution
 - (7) Information security
4. Do you have a department and personnel responsible for promoting CSR across the entire company?
 - (1) Yes, we do.
 - (2) We have, but their responsibilities are not very clearly defined.
 - (3) No.
5. As a company, are you publicly announcing progress in your CSR activities?
 - (1) Yes, broadly speaking.
 - (2) We are now planning to do so.
 - (3) No, we are not doing so, and do not plan to do so.

■ Educating Nikon Group employees on CSR-oriented procurements

In the year ended March 31, 2009, we held Nikon Procurement CSR Guidelines briefing sessions for major manufacturing subsidiaries in the Nikon Group.

In addition, we arranged a group-wide CSR Procurement Conference in Japan. We are clarifying the educational roles of members of this conference, while providing Nikon Group employees with regular education to help deepen their understanding of CSR-oriented procurement. Furthermore, we are regularly holding e-learning sessions to enable procurement staff in all departments to gain a deeper understanding.

■ Promoting green procurement

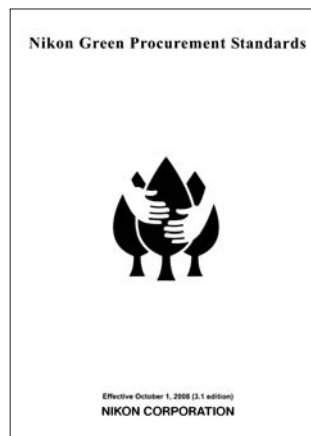
The Nikon Group is procuring materials and parts based on the Nikon Basic Procurement Policy and the Nikon Basic Green Procurement Policy, in consideration of the impact that the use of these materials and parts in its products will have on the environment throughout the product lifecycle, from use to disposal. We also prefer suppliers in business that are actively conducting environmental measures in their manufacturing processes, which is a part of CSR-oriented procurement. In October 2005, we formulated the Nikon Green Procurement Standards, which show our basic approach to green procurement, requests on all procurement partners, and how we are implementing the standards and relevant measures.

In the year ended March 31, 2009, in order to enhance the management of substances of environmental concern contained in procured items, we substantially reviewed the details of surveys and audits we conduct to check on our procurement partners' progress in establishing environmental management systems. Accordingly, we revised the Nikon Green Procurement Standards and held nine briefing sessions to explain the revised rules to our procurement partners. A total of 650 people participated in the briefings. We will conduct surveys and audits in line with the revised standards. At the sessions, we gave more detailed explanations on the management of substances of environmental concern contained in the products. In addition, we clarified our measures against perfluorooctane sulphonates (PFOS) and conducted a survey on substances of very high concern (SVHC) defined by the REACH regulation.

We will continue to make substantial progress in our efforts to reduce our impact on the global environment by ensuring compliance with the REACH regulation and other new rules for substances of environmental concern, in addition to regulations implemented in different countries, in cooperation with our procurement partners.

▶ Nikon Basic Green Procurement Policy and Nikon Green Procurement Standards:

<http://www.nikon.com/about/info/procurement/green.htm>



Nikon Green Procurement Standards

Relationship with Local Communities

The Nikon Group conducts business in a range of countries and regions in the world, where we are contributing to society by conducting localized social contribution activities and promoting communication with local communities.

Overseas Support Activities

■ Nikon Chulalongkorn Scholarship

Nikon Corporation has two scholarship programs for young people in Thailand.

One is the Nikon Shanti Scholarship, which is designed to support students attending junior and senior high school and university. In the year ended March 31, 2009, we gave support to 150 junior and senior high school students and to 19 university students through this program.

The other is the Nikon Chulalongkorn Scholarship, through which we give financial support for one or two students to study at a graduate school in Japan. These students are selected from among students and graduates of local Chulalongkorn University. In the year ended March 31, 2009, we selected two students as the first scholarship recipients under the program. They are Kulrumpa Warasri and Nirin Suarod, who began studying for two years in the Department of Language and Culture at Osaka University's Graduate School of Language and Culture and at the Graduate School of Engineering, The University of Tokyo, in April 2009. Ms. Kulrumpa wants to work as a Japanese teacher in Thailand in the future. She said that she chose to study in the department because it would be useful for her to understand Japanese ways of thinking and culture, which provide the basis for the Japanese language.

We expect that these scholarship students will contribute to even better relations between Thailand and Japan in the near future.



Ms. Kulrumpa (in the center) with President Kariya of Nikon Corporation (second from left), Executive Vice President Terato (second from right), and Managing Director Kawai (at end on right)—at the head office of Nikon Corporation

Support for Global Environmental Protection

■ Supporting the AKAYA Project

Since 2005, the Nikon Corporation has been supporting the AKAYA Project by providing equipment and materials to the Nature Conservation Society of Japan (NACS-J). This project is the first biodiversity conservation project to be implemented through cooperation between the government, local residents, and a nature conservation organization in Japan. In the year ended March 31, 2009, a new activity was started under the project, which will record ecosystems of plants and animals in the AKAYA Forest by taking pictures of them throughout the year. The photos are taken mainly by volunteers supporting the project. Nikon Corporation supplied the equipment necessary for this activity and held a photo seminar to help volunteers improve their photographic skills.



AKAYA Forest (In Minakami Town, Gunma Prefecture)

Voice

Learning a lot from a volunteer activity

For two years from January 2007, I took long-term leave from the company to help build IT networks in Bhutan as a member of the Japan Overseas Cooperation Volunteers, with the aim of eventually becoming an "incomparable systems engineer." In the kingdom, in addition to engaging in network building, I also served as an instructor at IT seminars and in education on development methods and building web systems. I feel that I was able to contribute to educating new employees in the country. Through this volunteer activity, I improved my language and business skills and became more flexible both in terms of cultural exchange and ways of thinking. I can now take a broader view. The two-year experience was thus very meaningful for me.



Dai Fujimaki

Fourth Development Department
Third System Division
Nikon Systems Inc.

■ Cooperating with the United Nations in anti-global warming campaigns

Nikon Corporation sponsors the annual International Children's Painting Competition on the Environment jointly with the United Nations Environment Programme (UNEP), the Foundation for Global Peace and Environment, and Bayer AG.

In the year ended March 31, 2009, we also began supporting Paint for the Planet, held by UNEP. In this activity, we displayed pictures that had won prizes in the aforementioned painting competition at venues of the world's major environmental conferences and events, to communicate anti-global warming messages from children. This campaign is held as part of the global United Nations campaign "Unite to Combat Climate Change," which was started in the run-up to COP 15, which is to be held in Copenhagen in December 2009 to decide on post-Kyoto Protocol reduction targets and the institutional framework.

At the Paint for the Planet exhibition held at the United Nations Headquarters in New York on October 24, 2008, which falls on one of the United Nations International Days, an auction of prize-winning works was also held and the amount collected exceeded 20,000 dollars. This money will be used by UNICEF to help children suffering from damage caused by climate change.



Children donating their pictures to the auction
(Second from right on the back row: Achim Steiner, Executive Director of the UNEP)

Contributing to Photographic Culture

■ Nikon Salon Photo Galleries

Nikon Corporation opened a photo gallery named "Nikon Salon" in Ginza in 1968 to display outstanding photographic works by both amateurs and professionals in a wide range of fields. Since then, we have long contributed to the popularization and advancement of photographic culture through the Nikon Salon. At present, we have Nikon Salon galleries in Ginza, Shinjuku, and Osaka. In May 2008, the one in Osaka

was relocated and reopened. In the year ended March 2009, we held a total of 171 photo exhibitions (126 by individuals and 45 by groups). Compared with the previous fiscal year, the number of visitors to the galleries greatly increased due to the increase in the number of exhibitions held and also to the relocation of the gallery in Osaka.



Relocated Nikon Salon gallery in Osaka

■ Nikon Field Photographer Program

Nikon Corporation is an official supporter of the Asian Football Confederation (AFC). At the games held by the AFC, we run the Nikon Field Photographer Program to offer local families a chance to enjoy football through photography. Specifically, a total of six people comprising three sets of parents and children are invited to a game and given the opportunity to photograph the players exercising on the pitch before the game starts, using Nikon D60 digital SLR cameras.

In 2008, we ran this program at a total of 17 games held in eight Asian countries (specifically, at the AFC Champions League 2008 games and 2010 FIFA World Cup Asian qualifiers hosted by the AFC).



Adelaide United vs. Kashima Antlers (AFC Champions League 2008 quarterfinal)

Relationship with Local Communities

Communicating with Local Communities

■ Accepting teachers as trainees

For three days from July 28 to 30, 2008, Nikon Corporation accepted some teachers as trainees at the company in cooperation with Nikon Imaging Japan and Nikon TEC. This training program is implemented by the Keizai Koho Center to give teachers the opportunity to learn about corporate ideas and activities and utilize what they have learned in educating children and school management. Nikon Corporation participated in the program for the first time and accepted a total of five teachers (two elementary school teachers and three junior high school teachers from the board of education of Kokubunji City) as trainees.

We provided the teachers with training that would be useful in their school activities, including a practical lesson on how to take pictures skillfully with a digital camera and a lecture on emergency measures in the event of a large-scale earthquake. Participating teachers commented, "I was able to think and act proactively in most of the training, which was great," and "I would like to use what I have learned through the training to help children develop into next-generation leaders, with self-confidence and pride in Japanese technologies."

Through these opportunities, we will continue to have close relations with local communities, while contributing to them through our technologies and know-how.



Lesson on taking pictures with a digital camera

■ Participating in local events (by Nikon Corporation's plants)

Nikon Corporation's Ohi Plant participated in a series of events held by Shinagawa Ward, Tokyo for environmental conservation and local activation. At the Shinagawa ECO Festival 2008 held in May 2008, the plant held a class where participants observed flowers and insects using Nikon equipment and made kaleidoscopes and magnifying glasses by hand. The plant also held a seminar to build simple microscopes at "Eco Earth Day," provided a digital camera photo service for the city's Community Building Project Exhibition 2008, and sup-

ported the competition of photographs taken in Shinagawa Chuo Park. In addition, the plant provided local elementary and junior high school students with opportunities to visit its site and learn about its products as part of their social studies classes, while helping local companies improve their technologies. The plant participated in local cleanup and crime prevention activities to further foster communication with local communities.

Nikon Corporation's Yokohama, Kumagaya, Mito, and Sagami-hara Plants are also fostering communication with local communities through localized measures.



Cleanup activities in front of the nearest JR Nishi-ohi Station

■ Providing plant tours and opportunities to learn through experience (Sendai Nikon)

Sendai Nikon cooperates with local elementary and junior high schools and special schools for the disabled to develop next-generation leaders. Specifically, it actively provides plant tours and opportunities to learn through experience to students at these schools. In the year ended March 31, 2009, a total of 238 elementary school pupils participated in three tours of the plant, and five groups of junior high school students (totaling 15 students) gained experience working at the plant for three days to learn about corporate activities.



Junior high school students doing packaging work

Participating students highly appreciated the experience and the company plans to continue giving this kind of educational support in cooperation with local communities.

■ **Support for a hospice (Nikon U.K. Ltd.)**

At Nikon U.K. Ltd., a lot of employees are participating in social contribution activities. Every January, a group representing all employees proposes several contribution activities and employees decide which one to actually conduct in the year. For the activity to be conducted for two years from April 1, 2008 to March 31, 2010, employees decided to give support to the Princess Alice Hospice, which provides terminally ill patients with cancer and other diseases with professional palliative care.

Employees proposed new ideas for collecting money for the hospice and industriously conducted activities, including the following:

- Supported the organization of charity events, such as hiking and a boat race.
- Sold donated goods.
- Sold photos taken by employees.
- Sold goods and Christmas cards created by the hospice.
- Sold Nikon products that were no longer manufactured, unwanted IT equipment and furniture to employees.
- Collected donations at the driving contest held during The Open Championship, which the company sponsored.
- Installed donation boxes at the company's reception and in the canteen.

Through these measures, employees collected about 13,000 pounds (1.8 million yen). The company will continue this activity with the participation of a lot of employees in the year ending March 31, 2010.



Dragon boat race conducted as a charity event



Employees participating in the dragon boat race

■ **Great Strides national charity walk event (Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc. in the United States)**

Nikon Inc., Nikon Instruments Inc., and Nikon Americas Inc. have been supporting the Cystic Fibrosis Foundation (CFF) since two years ago. Cystic fibrosis is a hereditary disease that causes serious chronic respiratory and digestive problems. In the United States, about 30,000 children and adults suffer from this disease (and there are about 70,000 cases worldwide). The three companies not only support the Foundation but also participate in awareness-raising activities for the condition. In 2008, the companies supported the Great Strides national charity walk event held by the Foundation. Through this event, a total of 37 million dollars (about 3.7 billion yen) were donated, including the 20,000 dollars (about two million yen) collected through the participation of large numbers of employees of the three companies in the event. The donated money will be used to support people with cystic fibrosis and to conduct further research into the disease.



Employees participating in the Great Strides national charity walk event