

## CONSOLIDATED STATEMENTS OF OPERATIONS

Nikon Corporation and Consolidated Subsidiaries  
March 31, 2003 and 2002

|                                                                                    | Millions of Yen |           | Thousands of<br>U.S. Dollars<br>(Note 1) |
|------------------------------------------------------------------------------------|-----------------|-----------|------------------------------------------|
|                                                                                    | 2003            | 2002      | 2003                                     |
| <b>Net sales</b>                                                                   | ¥ 468,959       | ¥ 482,975 | \$ 3,901,487                             |
| <b>Cost of sales</b>                                                               | 307,503         | 306,793   | 2,558,264                                |
| Gross profit                                                                       | 161,456         | 176,182   | 1,343,223                                |
| <br><b>Selling, general and administrative expenses</b> (Note 8)                   | <b>157,269</b>  | 153,943   | <b>1,308,396</b>                         |
| Operating income                                                                   | 4,187           | 22,239    | 34,827                                   |
| <b>Other income (expenses)</b>                                                     |                 |           |                                          |
| Interest and dividend income                                                       | 1,067           | 1,149     | 8,878                                    |
| Interest expense                                                                   | (2,627)         | (3,659)   | (21,855)                                 |
| Cash discount                                                                      | (3,528)         | (3,039)   | (29,349)                                 |
| Royalty income                                                                     | 1,186           | 754       | 9,870                                    |
| Bond issue costs                                                                   | (1,353)         | (91)      | (11,255)                                 |
| Write-down of inventories                                                          | (5,063)         | (7,112)   | (42,120)                                 |
| Loss on disposals of inventories                                                   | (2,513)         | (2,185)   | (20,909)                                 |
| Loss on sales of investment securities                                             | (2,041)         | (3,358)   | (16,982)                                 |
| Loss on disposals of property, plant and equipment                                 | (606)           | (1,161)   | (5,043)                                  |
| Gain on sales of property, plant and equipment                                     | 9,270           | 3,180     | 77,121                                   |
| Gain on sales of investment securities                                             | 1,548           | 1,800     | 12,879                                   |
| Additional retirement benefits paid to employees                                   | (11,019)        |           | (91,673)                                 |
| Charge for transitional obligations for employees' retirement benefits (Note 2(g)) |                 | (9,755)   |                                          |
| Equity in earnings of unconsolidated subsidiaries and associated companies         | 757             | 549       | 6,298                                    |
| Other-net                                                                          | (393)           | 3,444     | (3,265)                                  |
| Other expenses net                                                                 | (15,315)        | (19,484)  | (127,405)                                |
| Income (loss) before income taxes and minority interest                            | (11,128)        | 2,755     | (92,578)                                 |
| <b>Income taxes</b> (Note 9)                                                       |                 |           |                                          |
| Current                                                                            | 5,400           | 3,454     | 44,919                                   |
| Deferred                                                                           | (8,380)         | 5,304     | (69,714)                                 |
| Total income taxes                                                                 | (2,980)         | 8,758     | (24,795)                                 |
| <br><b>Minority interest</b>                                                       | <b>(5)</b>      | 1         | <b>(39)</b>                              |
| Net loss                                                                           | ¥ (8,143)       | ¥ (6,004) | \$ (67,744)                              |
|                                                                                    |                 |           |                                          |
|                                                                                    | Yen             |           | U.S. Dollars<br>(Note 1)                 |
| <b>Per share of common stock</b> (Note 2(o)):                                      |                 |           |                                          |
| Net loss                                                                           | ¥ (22.03)       | ¥ (16.23) | \$ (0.18)                                |
| Cash dividends applicable to the year                                              | 0.00            | 4.00      | 0.00                                     |

See Notes to Consolidated Financial Statements.