five-year summary

Nikon Corporation and Consolidated Subsidiaries Years ended March 31

	Millions of Yen				Thousands of U.S. Dollars
	2005	2004	2003	2002 2001	2005
For the year Net sales Cost of sales SG&A expenses Operating income Income (loss) before income taxes and minority interest Net income (loss)	¥ 638,468 429,143 178,780 30,545 33,443 24,141	¥ 506,378 346,898 155,805 3,675 9,490 2,410	307,503 157,269 4,187 (11,128)	¥ 482,975 ¥ 483,957 306,793 301,755 153,943 120,775 22,239 61,423 2,755 29,827 (6,004) 20,917	3,996,117 1,664,776 284,431 311,419
Per share of common stock (Yen and U.S. dollars): Net income (loss) Diluted net income Cash dividends applicable to the year	¥ 65.19 57.84 8.00	¥ 6.52 6.02 4.00	¥ (22.03)	¥ (16.23) ¥ 56.53 4.00 8.00	0.54
Capital expenditures Depreciation and amortization R&D costs	¥ 22,459 19,705 33,561	¥ 22,267 20,213 30,165	¥ 20,226 20,435 27,506	¥ 33,546 ¥ 25,996 17,917 16,007 27,313 22,794	183,486
At year-end Total assets Shareholders' equity	¥ 633,426 196,030	¥ 606,513 171,194		¥ 561,276 ¥ 593,454 176,961 186,119	

- Notes: 1. Per share of common stock is computed based on the weighted average number of shares outstanding during the year.
 - 2. U.S. dollar figures are translated for reference only at ¥107.39 to U.S. \$1.00, the exchange rate at March 31, 2005.
 - 3. Diluted net income per share for the year ended March 31, 2003 and 2002 is not disclosed because of the Company's net loss position. Diluted net income per share for the year ended March 31, 2001 is not disclosed because it was anti-dilutive.

management's discussion and analysis of operations

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS OPERATING ENVIRONMENT

In the fiscal year ended March 31, 2005, the U.S. economy progressed strongly on the back of increased consumer spending, higher levels of capital investment and improved corporate performance. The European economy slowed on the whole, except for England, while the Asian economy continued to expand, particularly China.

Despite signs of a slowdown in the second half, the Japanese economy in general was on a track to recovery due to an upward trend in private capital investment and a gradual increase in consumer spending.

With regard to Nikon Group business segments, in Precision Equipment and Instruments, recovery in the semiconductor market and expansion of the LCD market spurred revitalized capital investment. In Imaging Products, the digital camera market continued to grow.

Net Sales by Industry Segment

Years ended March 31, 2005 and 2004			TI	housands of	
	Millions o	Millions of Yen, %		U.S. Dollars	
	2005	2004		2005	
Precision Equipment	¥ 214,326	¥ 158,054	\$	1,995,772	
Share of net sales	33.6%	31.2%			
Imaging Products	355,489	284,713		3,310,264	
Share of net sales	55.7	56.2			
Instruments	52,184	47,992		485,930	
Share of net sales	8.2	9.5			
Other	44,253	39,643		412,075	
Share of net sales	6.9	7.8			
Total	¥ 666,252	¥ 530,402	\$	6,204,041	
(Elimination)	(27,784)	(24,024)		(258,717)	
	(4.4)	(4.7)			
Consolidated	¥ 638,468	¥ 506,378	\$	5,945,324	

OPERATIONAL REVIEW AND ANALYSIS

During the year, the Nikon Group pursued policies aimed at improving corporate performance. Besides assertively striving to increase sales, especially of digital cameras and LCD steppers, to take advantage of the improvement in market conditions, efforts were made to further expand and strengthen existing businesses by developing new competitive products. The Group also worked to carve out and foster new business territories. To enhance financial standing, the Group devoted energies to cutting down on inventories and reducing interest-bearing debt by compressing accounts receivable. The Group also endeavored to maximize consolidated management potential. This was accomplished through business process reforms to create a system that facilitates a clearer understanding of changes in the business environment, in turn enhancing speed and efficiency in business activities. As a result of these actions, consolidated net sales totaled ¥638,468 million, climbing ¥132,090 million, or 26.1%, relative to the previous year. Consolidated net income amounted to ¥24,141 million.

Breaking down the results by business segment, the Precision Equipment Business posted ¥212,471 million in net sales, a year-on-year increase of 35.7%, and operating income of ¥11,387 million. In IC steppers, the Group not only aggressively expanded sales of new and existing products, it pushed forward with the development of polarized illumination systems and immersion lithography products by proactively promoting R&D. In LCD steppers, full-scale efforts aimed at boosting sales amid revitalized capital investment at LCD panel makers ensured a record high in sales volume.

The Imaging Products Business recorded net sales of ¥354,181 million, a 25.0% gain, while operating income amounted to ¥16,841 million. Despite lower sales of traditional film cameras due to a contacting market, Nikon expanded the COOLPIX line and its range of digital SLR cameras, notably with the Nikon D70, which was released at the end of the previous fiscal term and was well received by markets the world over. This culminated in steady sales growth in digital cameras.

The Instruments Business registered net sales of ¥50,657 million, up 8.5%, and operating income of ¥2,826 million. This result was due primarily to aggressive efforts to raise sales through the introduction of new products, including the advanced research microscope ECLIPSE90i and the CNC video measuring system NEXIV VMR.

Breaking down results by geographic segment, sales increased in Japan due to higher sales of IC steppers and LCD steppers to Asia in Precision Equipment, and higher sales of industrial microscopes to Asia in Instruments. Meanwhile, Precision Equipment posted increased sales due to steady growth in digital SLR cameras and the positive effects of an expanding digital camera market. Overall sales in Japan surged by 40.4% to ¥275,992 million and operating income totaled ¥17,838 million.

Overseas sales rose by 11.0% to ¥165,085 million as sales of digital cameras increased in North America driven by a robust digital SLR camera market. Operating income stood at ¥5,608 million.

In Europe, a steady sales gain in digital SLR cameras coupled with sales growth resulting from the positive effects of the strong euro led to sales increasing 14.5% to ¥142,143 million. The region recorded operating income of ¥2,862 million.

In Asia, sales of service components increased as customers' capacity utilization rose in line with resurgence in the semiconductor market and expansion of the LCD market. Together with this, sales of industrial microscopes and semiconductor inspection equipment grew, while production of digital SLR cameras increased as the market expanded. Regional sales climbed 49.4% to ¥55,248 million. Operating income totaled ¥5,125 million.

Notes: 1. All sales amounts for geographic segments in this review are disclosed exclusive of the intersegment sales in the fiscal year ended March 31, 2005.

2. Operating income for each geographic segment in this review includes ¥888 million of income that occurred through inter-company transactions in this fiscal year ended March 31, 2005.

(% of Not Sales)

Income Analysis

Years ended March 31, 2005 and 2004

2005 Net sales 100.0%	2004 100.0% (68.5)
Net sales	
	(68.5)
Cost of sales (67.2)	(00.5)
Gross profit 32.8	31.5
SG&A expenses (28.0)	(30.8)
Operating income 4.8	0.7
Net interest expense and dividend income (0.2)	(0.3)
Net other income 0.6	1.5
Income before income taxes and minority interest 5.2	1.9
Income taxes 1.4	(1.4)
Minority interest 0.0	0.0
Net income	0.5

Note: All expenses and subtractive amounts are in parentheses.

Balance Sheet Analysis

March 31, 2005 and 2004

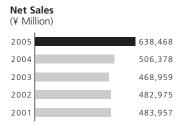
	2005	2004
Total assets	100.0%	100.0%
Total current assets	68.1	67.5
Inventories	38.8	39.2
Property, plant and equipment	17.3	17.6
Investments and other assets	14.6	14.9
Total current liabilities	42.0	41.1
Short-term borrowings	6.0	7.2
Long-term debt, less current portion	23.7	27.0
Shareholders' equity	30.9	_28.2

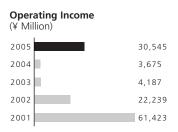
FINANCIAL REVIEW AND ANALYSIS

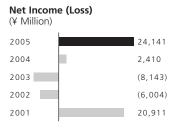
At fiscal year-end, total assets amounted to ¥633,426 million, up ¥26,913 million, or 4.4%, relative to the previous fiscal year-end. This increase primarily reflected higher levels of accounts receivable and inventories. Current assets totaled ¥431,126 million, up 5.3%.

Although income taxes payable rose significantly, a decrease in interest-bearing debt led to total liabilities increasing by only ¥2,069 million. Total cash dividends for the year amounted to ¥2,954 million. Meanwhile, net income of ¥24,141 million and an increase in retained earnings in line with improvements made at consolidated subsidiaries resulted in a net increase in total shareholders' equity of ¥24,836 million.

In terms of cash flows, cash and cash equivalents at year-end amounted to ¥21,507 million. Net cash provided by operating activities totaled ¥47,129 million, mainly owing to a relatively high level of income before income taxes and an increase in advance receipts. Net cash used in investing activities amounted to ¥10,543 million, reflecting a decrease in proceeds from sales of property, plant and equipment and an increase in payments for purchases of tangible fixed assets. Net cash used in financial activities totaled ¥31,786 million, due primarily to a decrease in short-term borrowings and an increase in repayments of long-term debt and redemption of bonds.







(% of Total Assets)

