Annual Report 2009

Year ended March 31, 2009

At a Glance

Nikon has been a pioneer in optical technology in Japan and the world since its inception in 1917. Today, we command a high global standing in the manufacture and sale of digital cameras and other camera-related products, binoculars and other optical products for consumers, such as ophthalmic lenses. These items complement our diverse array of industrial precision equipment that includes semiconductor-related equipment, IC and LCD steppers and scanners, microscopes and measuring instruments.

The sudden slowdown in the global economy in the latter half of the fiscal year ended March 2009 led to a difficult business environment for the Nikon Group. Despite these difficult circumstances, to achieve sustainable growth the Nikon Group continued to implement its program of structural reforms, and work toward a quick recovery.

Going forward, based on its unchanged corporate philosophy of "Trustworthiness and Creativity," Nikon will focus on realizing the management vision established in 2007, "Our Aspiration: Meeting needs. Exceeding expectations." We will utilize our capabilities in cutting-edge technology and products to their fullest extent as we strive to create products that exceed the expectations of all our customers.

Segments/Description

Precision Equipment

Nikon contributes to our increasingly sophisticated information society with its leading steppers and scanners, used in semiconductor and LCD panel manufacturing worldwide.

Imaging Products

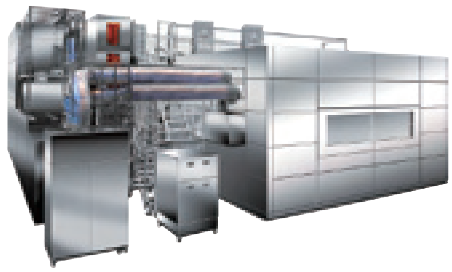
For a new dimension of pleasure from photography, Nikon develops and markets imaging products worldwide with various features using sophisticated digital imaging technology.

Instruments

Nikon's microscopic ultra-precision tools are used extensively in bioscience, and contribute to greater efficiency in high-precision measurements in the field of industrial instruments.

Other

Outside of its current core businesses, Nikon is diversifying into businesses that are expected to grow according to society's expanding needs, and will nurture these new developments into future core businesses.

	Net Sales and Share of Net Sales	Operating Income (Loss)
 	¥220 billion 25.0%	¥8 billion
 	¥596 billion 67.8%	¥40 billion
 	¥45 billion 5.1%	–¥3 billion
 	¥19 billion 2.1%	¥3 billion

Contents

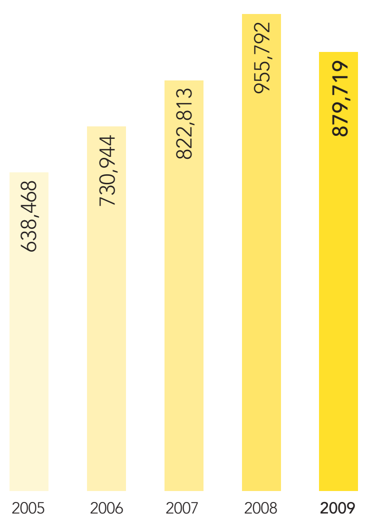
Financial Highlights

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31

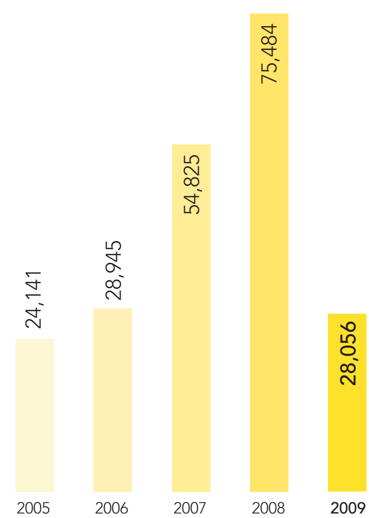
	Millions of Yen					Thousands of U.S. Dollars
	2009	2008	2007	2006	2005	**2009**
For the year						
Net sales	**¥879,719**	¥955,792	¥822,813	¥730,944	¥638,468	**$ 8,955,707**
Operating income	**48,185**	135,169	102,007	66,587	30,545	**490,530**
Net income	**28,056**	75,484	54,825	28,945	24,141	**285,615**
Per share of common stock (yen and U.S. dollars):						
Basic net income	**¥ 70.76**	¥ 189.00	¥ 146.36	¥ 78.16	¥ 65.19	**$ 0.72**
Diluted net income	**67.91**	181.23	131.42	69.33	57.84	**0.69**
Cash dividends applicable to the year	**18.00**	25.00	18.00	10.00	8.00	**0.18**
At year-end						
Total assets	**¥749,805**	¥820,622	¥748,939	¥690,920	¥633,426	**$ 7,633,159**
Total equity	**379,087**	393,126	348,445	243,122	196,030	**3,859,177**

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 ¥98.23 to U.S. $1.00, the exchange rate at March 31, 2009.

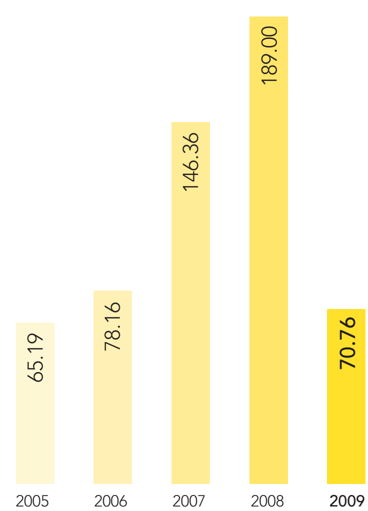
Net Sales
(Millions of yen)
Years ended March 31

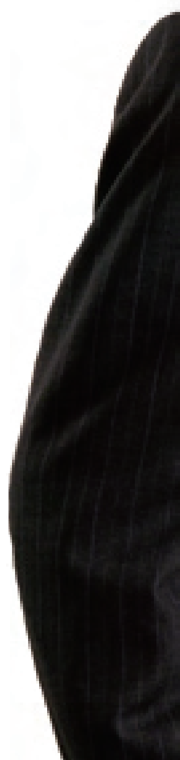


Net Income
(Millions of yen)
Years ended March 31



Basic Net Income per Share
(Yen)
Years ended March 31





To Our Shareholders and Investors

Nikon established a Management Reform Committee to coordinate our response to the rapid changes in the business environment during the fiscal year ended March 2009, and promptly implemented a variety of measures as a corporate group. However, the recent economic downturn had an impact across all areas of our business, with effects more widespread and sudden than anything we have experienced in recent years, resulting in year-on-year declines in both revenue and earnings. What the Nikon Group needs now most of all is for us to implement a concerted program of structural reform as a corporate group that will achieve sustained growth even in a severe environment and allow us to quickly return to a growth track.

Michio Kariya

MICHIO KARIYA
Representative Director, Member of the Board,
President, CEO and COO

Ichiro Terato

ICHIRO TERATO
Representative Director, Member of the Board,
Executive Vice President and CFO

Interview with the President

Q. Please give a summary of the fiscal year ended March 2009.

A. The economic downturn that began with the financial crisis in the United States caused a market contraction that exceeded our expectations.

Since we entered the fiscal year ended March 2009 amid the early stages of a global economic slowdown, we had implemented emergency management measures from its onset. However, in fall 2008 the slowdown in the economy precipitated by the financial crisis in the United States spread quickly throughout the world, and markets cooled considerably beyond our expectations. This had a significant impact on the Nikon Group's business.

The Precision Equipment Company faced a marked contraction of markets in the semiconductor field, as capital expenditures were sharply curtailed following the worldwide falloff in demand for semiconductor devices. The market for the LCD equipment field, despite brisk investment during the first half, stagnated from summer 2008 as demand for the large panels used in flat-screen televisions abruptly slowed. The Precision Equipment Company managed to boost sales to a certain extent with cutting-edge ArF immersion scanners and large-scale LCD steppers and scanners, but the impact from the slowdown in related markets led to year-on-year declines in both revenue and earnings.

The Imaging Company posted record sales for the full period in terms of both volume and value owing to brisk business during the first half, but earnings declined as a result of the substantial rise of the yen and the slump in consumer spending with the rapidly deteriorating economy in the second half.

The Instruments Company achieved positive performance in the bioscience field, mainly in areas involving live cells, but in the industrial instruments field the market stagnated as curbs were placed on capital expenditures in almost all industries, leading to an overall decline in both revenue and earnings.

As a result, consolidated net sales for the fiscal year ended March 2009 declined 8.0% from the previous fiscal year to ¥879,719 million. Operating income fell 64.4% to ¥48,185 million, and net income 62.8% to ¥28,056 million.

Q. The three-year Medium Term Management Plan from April 2009 through March 2012 has just begun. What are your goals for this plan, and what specific measures does it contain?

A. Focusing on the world economy after recovery, we are pursuing structural reforms and the development of attractive products that will return us to a sustainable growth track.

Nikon's policies for the three-year Medium Term Management Plan are, in the fiscal year ending March 2010, to reform the structure of business and profit, and lower the break-even point; in the fiscal year ending March 2011, to commence business operation for the coming economic recovery, and achieve a turnaround in profitability; and in the fiscal year ending March 2012, to return to a sustainable growth track. The measures in this plan assume that semiconductor producers and other manufacturers will continue to control capital expenditures, and that demand for final products will remain sluggish for some time. We also expect that even after the world economy recovers there will be a shift in the demand structure, and we will enter an era in which corporate growth is uneven.

We must adapt to this market environment change and consider how Nikon can achieve sustained growth under these difficult business conditions. This plan describes the policies that will put the Nikon Group back on a sustainable growth track by its final year. To realize this goal, we believe it is essential to (1) strengthen earnings capabilities to secure profits even in the severe environment, and (2) develop products for sustainable growth. These two central themes are the twin pillars for this plan.

First of all, to strengthen earnings capabilities to secure profits even in the severe environment, we will reorganize the business locations of the Precision Equipment Company at a global level to be more appropriate to the changes in the market. Specifically, we will reorganize and consolidate our four production subsidiaries in Japan into two companies, while unifying and streamlining as much as possible the marketing and servicing operations of our two overseas subsidiaries in the United States and Europe. Furthermore, in Japan and Asia we are pursuing a more efficient business by scaling back operations in line with the business scale. Through these measures, we will make reductions in production and service personnel in Japan, as well as sales and service personnel overseas, which we anticipate will cut fixed costs by approximately ¥8,000 million.

For the Imaging Company, we will take steps to establish a production structure better able to withstand further appreciation of the yen. Nikon anticipates that compared to the fiscal year ended March 2009, the yen will continue to rise through the fiscal year ending March 2012. In response, we will pursue such strategies as shifting more production to countries such as Thailand and China and expanding procurement of components in foreign currencies.

Next, to develop products for sustainable growth, we will develop and commercialize such products as cutting-edge IC and LCD scanners and next-generation digital cameras, strengthen product development of bioscience and industrial instruments, cultivate new businesses and explore new business fields. While developing new products, we will examine new ways to develop businesses and become a leader in each industry, setting the stage to stand at the forefront of the economic recovery.

Q. What are your forecasts for the fiscal year ending March 2010, and the areas on which Nikon intends to focus?

A. We will boldly move ahead with the structural reforms for the corporate group overall, and make strategic moves that pave the way to future growth.

We anticipate that semiconductor manufacturers will sharply scale back capital expenditures during the fiscal year ending March 2010, and while there are signs of rising operation rates among panel manufacturers, we expect that the decline in capital expenditure will continue. In digital cameras, we foresee a difficult market environment, with the yen expected to remain strong, and decline in product prices arising from more intense competition with the launch of new products by all manufacturers.

Considering these factors, we are forecasting an operating and net loss for the fiscal year ending March 2010. However, we are confident that the program of structural reforms will allow us to achieve a turnaround in profitability in the fiscal year ending March 2011, and return us to a sustainable growth track in the fiscal year ending March 2012.

Despite the difficult business environment, to provide for continued growth the Nikon Group will faithfully implement the fundamental policies in the Medium Term Management Plan described previously, reforming its business and earnings structure, lowering the break-even point, and pursuing product development for sustainable growth.

At the same time, Nikon will actively pursue opportunities that support future growth. One of our goals has been to make the Instruments Company the third pillar of the Nikon Group alongside the Precision Equipment Company and the Imaging Company, with net sales in the business of ¥100,000 million. As part of our effort to achieve this, in June 2009 we announced a plan for a friendly tender offer for Metris NV, a Belgian company that manufactures measurement equipment. Metris has advanced technology and products in the market for non-contact, three-dimensional measurement systems, and its business lines will neatly complement those of Nikon. Along with the broadening of product lines, Metris's close relationship with the automotive and aerospace industries will reinforce our customer base.

The Precision Equipment Company is currently constructing a new building at the Kumagaya Plant to expand production of cutting-edge ArF immersion scanners, to meet an anticipated increase in demand.

The Core Technology Center, which develops advanced elemental technology and conducts basic research, is the source of the Nikon Group's cutting-edge technological and manufacturing capabilities. One of our immediate issues is how the Center can better contribute to increasing the competitiveness and earnings capabilities of each business unit. As part of this consideration, we are narrowing the focus of capital expenditures and R&D, and looking ahead to the economic recovery, plan to spend ¥41,000 million in capital expenditure during the fiscal year ending March 2010, with ¥56,000 million in R&D spending.

Q. What is Nikon's policy regarding CSR?

A. We must not forget that our corporate philosophy of "Trustworthiness and Creativity" is especially important during difficult times.

The Nikon Group currently faces an extremely difficult business environment. However, it is precisely at such times that we must act with sincerity in our dealings with all stakeholders. We must never betray the trust placed in Nikon merely for the sake of short-term profits. We recognize that corporate social responsibility (CSR) is essential no matter what the state of the business environment, and we need to strengthen our corporate governance, ensure strict compliance, develop human resources and provide environmental management, as well as reaffirm our commitment to creating value that exceeds expectations.

Based on our corporate philosophy of "Trustworthiness and Creativity," the management and employees of Nikon will work together with timely, accurate and bold action to overcome the current difficulties.

Q. What is Nikon's policy regarding shareholder returns?

A. We aim to ensure a stable dividend, and plan to pay a dividend in the fiscal year ending March 2010 despite anticipated losses.

Nikon's basic policy regarding the distribution of earnings is to expand investment in business and technology development to ensure future growth, take steps to enhance competitiveness, and pay a steady dividend that reflects the perspective of shareholders, while making continual adjustments to better reflect operating performance. Consequently, we have set a target for a total return ratio of 25% or more, providing returns to shareholders through dividend increases, acquisition of treasury stock, and other means.

For the fiscal year ended March 2009, since Nikon posted declines in both revenue and earnings, we lowered our year-end dividend by ¥8.00 per share from the previous fiscal year to ¥5.50 per share, which combined with the interim dividend of ¥12.50 per share amounted to a full-year dividend of ¥18.00 per share.

For the fiscal year ending March 2010, although we forecast losses, based on the conviction that we will without doubt achieve profitability in the fiscal year ending March 2011, and considering the importance of maintaining a steady dividend, we plan to pay a full-year dividend of ¥8.00 per share (including an interim dividend of ¥4.00 per share).

I would like to offer my sincere appreciation to shareholders and investors for their continued support of Nikon.

Review of Operations

Precision Equipment Company

The Precision Equipment Company faced difficult conditions during the fiscal year ended March 2009. In the IC steppers and scanners field, the market contracted sharply from initial expectations, with a widespread scaling back of capital expenditure following the downturn in global demand for semiconductor devices. In the LCD steppers and scanners field, despite brisk investment during the first half of the period, from the summer of 2008 demand for the large panels used in flat-screen televisions slowed suddenly, bringing stagnation in the market. As a result, segment sales amounted to ¥219,915 million (down 24.4% year on year), with operating income of ¥8,041 million (down 81.5%).

KAZUO USHIDA
Director, Member of the Board and
Senior Executive Officer
President of Precision Equipment Company

MARKET ENVIRONMENT AND BUSINESS TRENDS

Business conditions for the semiconductor-related industry will likely remain difficult, with device manufacturers showing continued caution regarding capital expenditures. The LCD panel market is also expected to lack transparency, despite some signs of rising operation rates among panel manufacturers.

Review of the Year Ended March 2009

In the IC steppers and scanners field, Nikon took steps to expand sales of cutting-edge equipment such as the NSR-S610C ArF immersion scanner (the world's first scanner capable of mass production of semiconductors at 45 nm applications and beyond), and marketed EUV lithography equipment (extreme ultraviolet system for research and development) that enables further device shrinkage.

In the LCD steppers and scanners field, Nikon worked to expand sales of the existing FX-65S model for lithographic exposure of 6th generation glass plates, as well as the FX-903N model, which is ideally suited for the manufacture of the small to medium-sized high-precision liquid crystal displays used in cell phones and automotive electronic devices. In addition, we initiated shipments of FX-101S lithography equipment, which is compatible with 10th generation glass plates.

We also continued our concerted efforts throughout the Precision Equipment Company to boost cost-competitiveness by shortening manufacturing periods, as well as adopting simplified designs and common platforms.

NSR-S620 ArF Immersion Scanner to Be Introduced in the Year Ending March 2010

Despite the difficult business environment for IC steppers and scanners, for the year ending March 2010 Nikon is focusing on double patterning,*1 one of the most promising next-generation lithography techniques. Specifically, we are developing an ArF immersion scanner for double patterning that will allow for 32 nm device production. For successful development, two issues must be resolved.

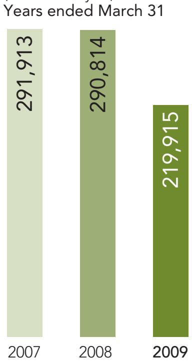
The first is improvement in alignment accuracy. Since double patterning involves the overlaying of two layers to create the pattern, alignment requires extreme precision. Currently, the alignment accuracy requirement is around 7 nm, but double patterning will require a reduction to half or even one-third of that figure.

The second issue is enhancing throughput (the number of wafers exposed in a given period). Since double patterning consists of two exposures, the throughput must be doubled to maintain the current level of productivity in the customer's manufacturing process.

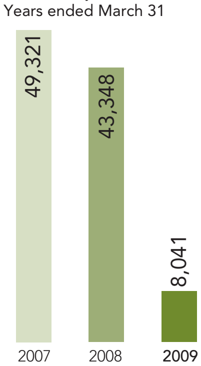
The NSR-S620 ArF immersion scanner for mass production with double patterning that Nikon will introduce utilizes new concepts which will provide the necessary precision and throughput. This system will be extremely competitive not only in terms of precision alignment but also in offering an exceptional throughput level, an aspect in which our rival has been considered superior. We plan to begin shipments in the third quarter of the year ending March 2010 (October to December 2009). We have adopted a new design concept for the NSR-S620 in which the overall system is created from 13 individual modules, allowing for a considerably shorter period from shipment to operation at the customer's site.

Currently Nikon is constructing a new building at the Kumagaya Plant with a highly efficient clean room that will be used to produce the NSR-S620 and enhance its competitiveness. With the focus of effort on the NSR-S620, Nikon seeks to quickly gain a leading share of the market for high-end IC steppers and scanners.

Net Sales
(Millions of yen)
Years ended March 31



Operating Income
(Millions of yen)
Years ended March 31



Note:
1. Double patterning is a lithography technique in which a single, dense circuit pattern is split into two coarser patterns that can be exposed separately. The two patterns can then be overlaid on the wafer, providing a final, dense circuit pattern.

Superiority in LCD Steppers and Scanners

The ability to adapt to ever-larger sizes has become one of the main points of focus for LCD steppers and scanners. The latest FX-101S lithography system, which Nikon began shipping in the year ended March 2009, is compatible with 10th generation glass plates that measure approximately 3 meters on a side. It was designed to allow for efficient manufacturing of large-scale panels 50 inches in size or larger.

Along with the latent demand for large-screen televisions, LCD lithography equipment compatible with 10th generation glass plates is expected to lower the price of televisions by reducing costs of LCD panels. This combination of factors will likely drive more widespread adoption of LCD televisions.

As the trend toward increasingly larger glass plates continues, Nikon's LCD steppers and scanners utilizing multi-lens projection optical systems will allow us to quickly meet the needs that arise, securing our leading position in the market.

Structural Reform for Future Growth

The Precision Equipment Company sees the year ending March 2010 as an essential period for structural reform. We will identify the issues we face, find the solutions, and thereby strengthen our corporate structure. In May 2009, we decided to implement sweeping measures to reduce fixed costs. Specifically, we will reorganize and consolidate our four production subsidiaries in Japan into two companies by October 2009, while unifying and streamlining as much as possible the marketing and servicing operations of our two overseas subsidiaries in the United States and Europe. Furthermore, in Japan and Asia we are pursuing a more efficient business by scaling back operations in line with the business scale. We anticipate that these measures will cut fixed costs by approximately ¥8 billion.

The markets for IC steppers and scanners and LCD steppers and scanners are cyclical. For IC steppers and scanners, despite sales of 296 units in 2008 (calendar year, new systems only), we forecast that the market will shrink considerably to around 90 units in 2009, reflecting the slump in worldwide demand. We anticipate that the market will recover thereafter, reaching 170 units in 2011. Similarly for LCD steppers and scanners, after sales of 110 units in 2008 (calendar year, TFT array use only), we anticipate a market for 70 units in 2009, and 80 units in 2011.

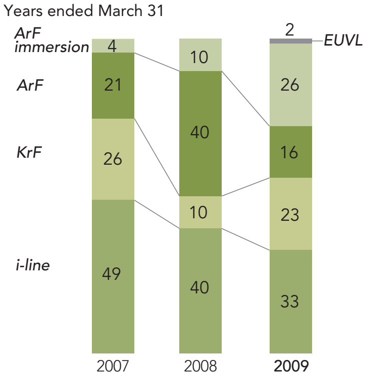
The Precision Equipment Company recognizes the year ending March 2010 as the period in which we will lower our break-even point through aggressive efforts to reorganize and revise our corporate structure to make a profit even at the bottom of a predicted market cycle.

Strengthening R&D and Product Competitiveness

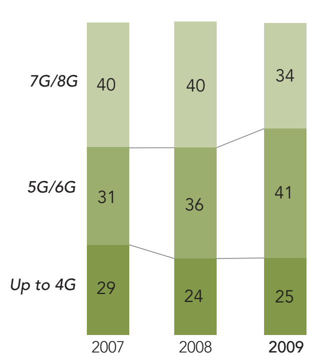
In IC steppers and scanners, for the immediate future we will focus all efforts on double patterning. For next-generation EUV lithography equipment, rather than developing pre-production lithography tools for which light sources, photomasks and other aspects of the infrastructure have yet to be fully established, for now we will concentrate on developing the basic technology in preparation for the eventual progression to mass production. For LCD steppers and scanners, we will continue to adapt to ever-larger panels and develop systems that enable further cost reduction in panels.

Nikon's policy calls for narrowing the focus of its R&D program, clarifying research priorities, and making the necessary investments to ensure superiority in product competitiveness.

IC Steppers & Scanners, Sales Unit Ratio by Technology
(%)
Years ended March 31



LCD Steppers & Scanners, Sales Unit Ratio by Generation
(%)
Years ended March 31



Product Spotlight

Precision Equipment Company

ArF Immersion Scanner NSR-S610C

IC Scanner capable of mass production of cutting-edge semiconductors at 45 nm applications and beyond

ArF Immersion Scanner NSR-S610C (First shipment in February 2007)

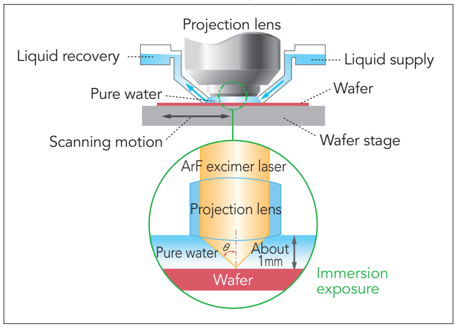
The NSR-S610C, with a high projection lens NA of 1.30, is the world's first immersion scanner for mass production of 40 to 45 nm devices.

Nikon's proprietary Local Fill Technology based on immersion expertise helps to eliminate immersion defects such as bubbles, water spots, and immersion-induced particle contamination, as well as to suppress evaporation of the immersion liquid, and to prevent immersion-induced problems that affect the alignment accuracy. Also, the Tandem Stage utilizes two stages with different functions—Exposure and Calibration—to achieve high throughput and precision, and ensure a stable exposure process.

Introduction to Immersion Photolithography

The performance of a lens used in a stepper is indicated by its NA (numerical aperture) figure. The larger the NA figure, the higher the resolution. In air, an NA of around 0.9 is considered the physical limit. However, by immersing the space between the lens and wafer in pure water or other liquid with a higher refractive index than air, it is possible to increase the NA to 1.0 or higher, resulting in extremely high resolution. This technique is called" immersion lithography."

Immersion Lithography Concept

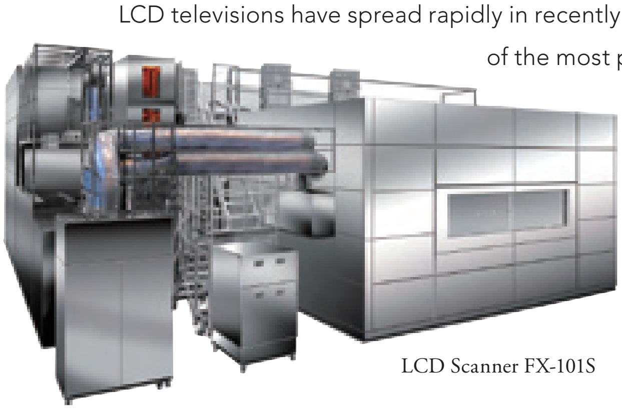


Enhanced productivity to meet growing demand for 10th generation glass plates

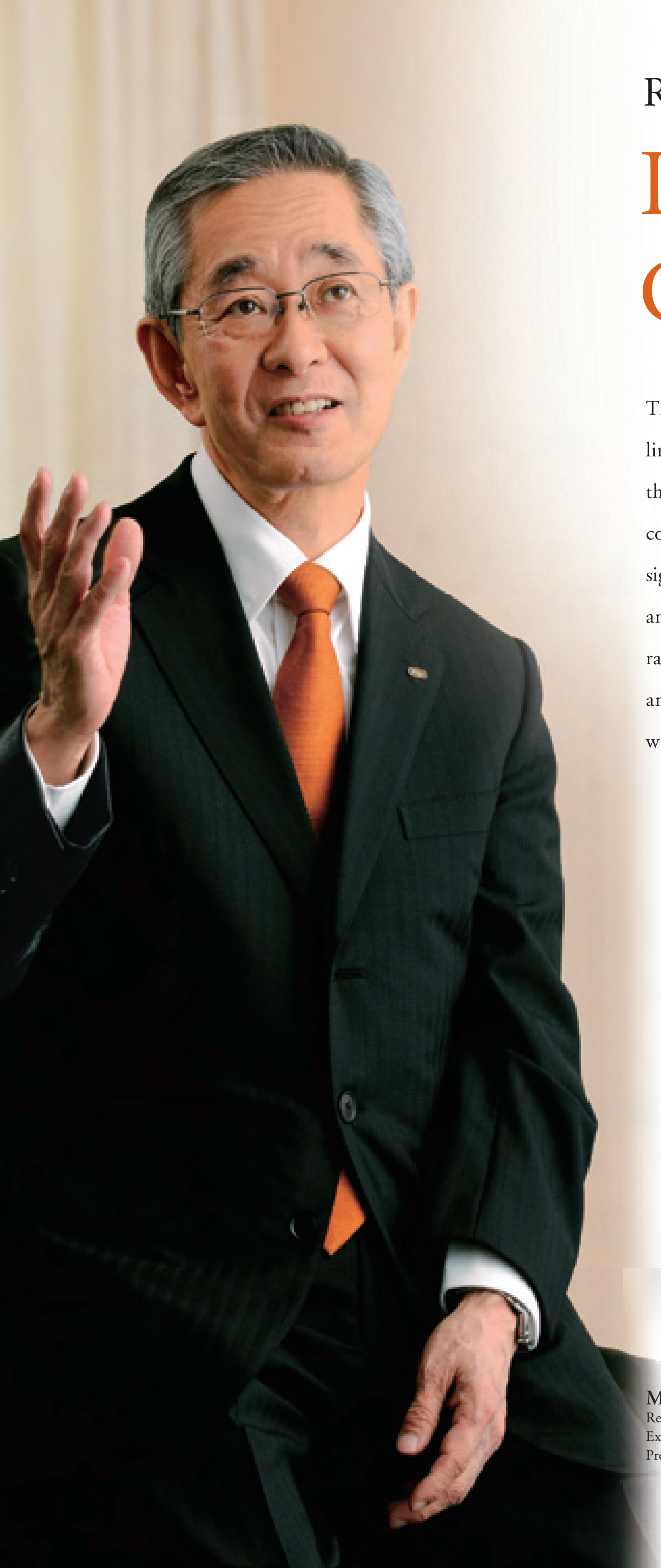
LCD Scanner FX-101S (First shipment in the year ended March 2009)

The FX-101S, incorporating Nikon's proprietary multi-lens projection optical system, is an LCD exposure system for production of 10th generation large glass plates.

LCD televisions have spread rapidly in recently years, and screen sizes have become larger. Digital signage, one of the most prominent examples of large-scale information displays, has also been the focus of much attention. The manufacturing systems for large-scale LCD panels require greater production efficiency than ever before. The FX-101S offers high productivity through its lithography of 10th generation glass plates, which can yield six to eight panels, in sizes ranging around 60 inches.



LCD Scanner FX-101S



Review of Operations

Imaging Company

The Imaging Company enhanced its digital SLR camera line-up and achieved an increase in unit sales during the fiscal year ended March 2009, but faced difficult conditions in the latter half of the period due to the significantly stronger yen in the exchange markets, and the slump in personal consumption caused by the rapidly deteriorating economy. As a result, segment sales amounted to ¥596,468 million (up 1.8% year on year), with operating income of ¥40,039 million (down 52.3%).

MAKOTO KIMURA
Representative Director, Member of the Board,
Executive Vice President
President of Imaging Company

MARKET ENVIRONMENT AND BUSINESS TRENDS

Over the medium term, we expect sales of digital SLR cameras to continue to grow on both a volume and value basis, on the back of functional enhancement, diversification in product concepts, and expansion in newly emerging markets. For compact digital cameras, sales in developed countries are centered on replacement demand, while we anticipate that sales volume will increase as newly emerging markets expand, but that sales will remain flat on a value basis.

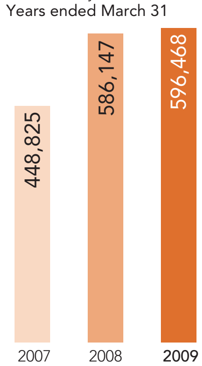
Review of the Year Ended March 2009

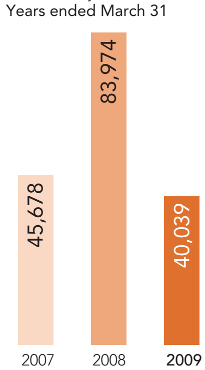
In digital SLR cameras, in September 2008 Nikon launched its mid-range model D90, the world's first*1 digital SLR camera with the "D-Movie" movie function. We further enhanced the product lineup in December with the flagship model D3X, which offers high-definition, superior-quality images with 24.5 effective megapixels.

In compact digital cameras, sales were positive, mainly in the North America region. Sales volume exceeded 10 million units for the period, following the launch in March 2009 of COOLPIX P90, offering a 24x optical zoom function, and the new S series products that combine functionality with stylish design, such as the COOLPIX S620 featuring the fastest start-up time in its class.*2 These new products helped to bolster Nikon's brand appeal in the compact digital camera market.

Interchangeable lens sales rose as the NIKKOR lens celebrated its 75th anniversary. Lenses sold in kit with digital SLR cameras performed strongly, with solid sales of high-value-added, high-priced lenses following enhancement to the lineup of digital SLR cameras for professionals and advanced amateurs.

Notes:
1. As of August 27, 2008, according to research conducted by Nikon Corporation.
2. Among compact cameras equipped with 28 mm (35 mm format equivalent) zoom lens and optical vibration reduction; as of February 3, 2009 (according to research conducted by Nikon Corporation).





Speed and Strategy behind Strong Sales of Digital Cameras

Nikon's quick response to user needs was one of the reasons that sales of compact digital cameras grew significantly faster than the market during the subject fiscal year. Specifically, we were quick to detect shifts in the market and changing lifestyles, and were able to plan and develop products to meet the needs of customers, then produce and market them in an extremely short period of time. Nikon is working consistently to shorten the period from planning to product launch, and this speed that allows us to offer in a timely manner the products customers seek is what led to the jump in sales for compact digital cameras.

Nikon has also consistently been one of the leaders in market share for digital SLR cameras. We had a scenario in which we create a market where there was none before, expand that market, and ensure that Nikon digital SLR cameras have a commanding presence. Put another way, "speed" and "strategy" have been the keywords that underpin our growth.

Expanding into Overseas Markets and Dealing with the Strong Yen

More than 80% of the Imaging Company's sales are in overseas markets, a natural proportion that reflects the relative scale of markets around the world. Expansion into newly emerging markets is extremely important for Nikon's continued growth, and we focus particularly on those markets with significant growth potential. These include China, which we expect will be on a par with the Japanese market in terms of sales volume, and Russia and India, where we have established a sales and service subsidiary, as well as the countries of Central and South America.

As the proportion of overseas sales rises, measures to deal with the strong yen take on increasing importance. Two of our main measures involve shifting more production to places like Thailand and China, and greater procurement of local components. We are developing excellent local staff, and are capable of the same quality control available in Japan, which allows us to manufacture products overseas at a level of quality comparable to that in Japan. We already design production tools overseas, and as technical standards rise the trend toward local procurement of components will strengthen. We will retain our Japanese factories, which will play a larger role as bases for technological advancement and improved manufacturing.

Nikon's Collective Strength

Over the past decade Nikon has continued to improve its corporate makeup, with a balanced increase to high dimensions for all corporate functions, including marketing, development and design, production, and sales. We currently employ a structure that allows us to modify production on a weekly basis to reflect the latest market data. When market conditions began to deteriorate in the fall of 2008, we decided quickly to adjust production at the end of 2008—making us the first in the industry to do so—and were one of the first to complete those adjustments. All of Nikon's corporate functions operating simultaneously at high levels provide a true collective strength that can be leveraged in a short period of time.

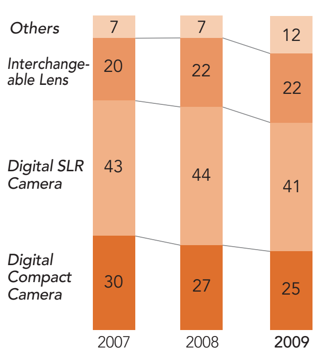
Cameras as a Communication Tool

Nikon enjoys a long history as a camera manufacturer, and has established a powerful corporate brand. We believe that as cameras enter the digital age, they should not be merely machines for capturing images, but communication tools that broaden the connections between people, including the way images are enjoyed after they are taken. By providing support for all aspects of photography from the taking of a picture to its appreciation, including uploading pictures to websites and allowing them to be viewed on distinctive output devices, Nikon is creating a future for itself as a provider of a unique "imaging world."

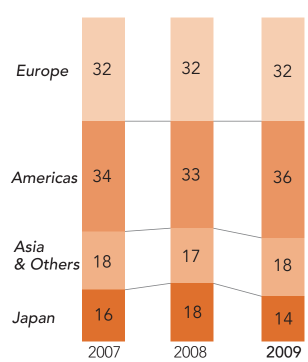
Nikon has taken some of the first steps toward realization of a distinctive imaging world with unique new products such as the image storage and sharing site "my Picturetown," and the Media Port UP*1 (with "UP" read as individual letters), a multimedia playback headset device. Our goal for the future calls for realizing this vision, and gaining increasing prominence as a company that provides both the camera hardware and the imaging services.

Note: 1. Available in Japan only.

Sales Value Ratio by Product
(%)
Years ended March 31



Sales Value Ratio by Region
(%)
Years ended March 31



Note: The sales value for 2007 and 2008 is on a non-consolidated basis and for 2009 is on a consolidated basis.

Product Spotlight

Imaging Company

Digital SLR Camera Nikon D90

The world's first[1] digital SLR camera with "D-Movie" movie function: Powerful features and high image quality in a compact body

Digital SLR Camera Nikon D90 (Launched in September 2008)

The Nikon D90 offers in a compact body the high image quality and exceptional performance inherited from Nikon's DX-format flagship model D300. It was designed to allow everyone, from digital SLR novices to photo enthusiasts, to enjoy taking high-quality photographs with minimal hassle. The D90 model retains the same operability and ease of use found in all Nikon digital SLR cameras, with additional features to enhance convenience, such as new Live View button, and a one-touch information display button for camera settings. The movie function—the first for a digital SLR camera—also provides users with a broad range of imaging enjoyment.

Note: 1. As of August 27, 2008, according to research conducted by Nikon Corporation.

The new COOLPIX flagship model features a high-quality 13.5 megapixel image sensor, GPS system and LAN port

Digital Compact Camera Nikon COOLPIX P6000
(Launched in September 2008)

The COOLPIX P6000 was developed to be the new flagship model of the COOLPIX series, and to offer photographers a broader range of creative freedom. It enables superb image quality and a variety of shooting functions by incorporating an image sensor with 13.5 effective megapixels and a NIKKOR lens delivering clarity and precision with ED (Extra-low Dispersion) lens elements, as well as Nikon's original EXPEED digital image-processing concept.

The built-in GPS (Global Positioning System) unit can attach "geotags" to each image file, with information about the latitude and longitude where the image was recorded. The LAN port allows images to be uploaded to Nikon's image storage and sharing site *my Picturetown*. Users can also use the geotag information to link the images to maps, offering new ways to enjoy viewing, organizing, and storing pictures.

Digital Compact Camera Nikon COOLPIX P6000

Review of Operations

Instruments Company

The Instruments Company's performance was severely affected by the state of the economy during the fiscal year ended March 2009. Despite positive performance in the bioscience field, mainly for areas concerned with live cells, the industrial instruments field suffered from continued stagnation in the markets for semiconductors, electronics components and automotive products, along with the curbs placed on capital expenditure. As a result, segment sales amounted to ¥44,643 million (down 24.4% year on year), with the segment posting an operating loss of ¥2,724 million (compared to operating income of ¥4,081 million in the previous fiscal year).

TOSHIYUKI MASAI
Director, Member of the Board and Executive Officer
President of Instruments Company

MARKET ENVIRONMENT AND BUSINESS TRENDS

In the bioscience field, we anticipate stable growth in the microscope market, but as the performance requirements for instruments expand year by year, we expect competition for product technology development to become increasingly fierce. In the industrial instruments field, we anticipate that conditions will remain harsh as a result of such factors as the curbs on capital expenditures that have followed the deterioration of conditions in the semiconductor-related market.

Review of the Year Ended March 2009

In the bioscience field, Nikon concentrated on increasing sales of high-end system products launched in the fiscal year ended March 2008, such as the inverted research microscope ECLIPSE Ti, as well as products such as the confocal microscope A1. We also revised the sales organization at sales subsidiaries. In the industrial instruments field, we worked to promote sales in a variety of areas, including the launch in October 2008 of the inverted metallurgical microscope ECLIPSE MA200 for visual inspection of metals, ceramics and other materials.

Establishing a Premium Brand in the Bioscience Field

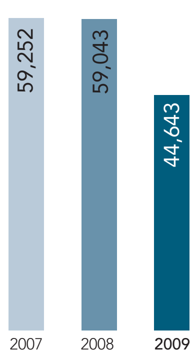
Research using live cells is the focus of development for biological microscopes. The ECLIPSE Ti and A1 series have been recognized in particular for their high speed, high resolution, and stability. The dedicated NIS-Elements imaging software accentuates the hardware's capabilities, earning these system products a strong reputation for their all-around system performance. As applications also have become increasingly important, Nikon is further expanding its lineup of related applications by drawing on its many years of experience with technologies such as precision control and image processing. Through these efforts, we are establishing Nikon as a premium brand in the bioscience field and seeking to gain a commanding lead over our competitors for high-end products.

The BioStation series includes the BioStation CT (Cell Tracking), a cell culture observation system that simplifies stable cultivation and quality control for live cells, as well as the BioStation IM (cell IMaging), a time-lapse imaging system that captures images of live cells at fixed intervals, and combines them to allow for observation of the cell as a moving image. Both of these systems provide for highly reliable data management and we have worked to promote sales since the fiscal year ended March 2008. The BioStation CT in particular, due to its ability to observe the cultivation of numerous samples without a change in environment, enjoys high expectations for use in such cutting-edge fields as iPS cell (induced pluripotent stem cell) research, and pharmaceutical development.

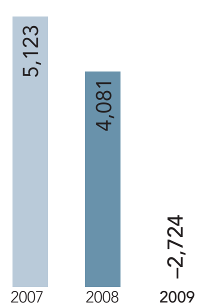
Expansion in Measuring Instruments to Broaden Business Domains

Of the three main product groups in the industrial instruments field (industrial microscopes, semiconductor inspection equipment, and measuring instruments), Nikon is focusing particularly on expanding sales of measuring instruments. Nikon's measuring instruments for electronic components and similar products already enjoy a large share of the market in Japan and other areas of Asia. Looking ahead, we aim to broaden our business domain and earnings base through expansion into measuring instruments for a variety of industries. As one part of this strategy, in June 2009 we announced a plan for a friendly

Net Sales
(Millions of yen)
Years ended March 31



Operating Income (Loss)
(Millions of yen)
Years ended March 31



tender offer for Metris NV, a Belgian measurement equipment manufacturer. Metris possesses advanced technology and products in the market for non-contact, three-dimensional measurement systems, and its business lines will neatly complement those of Nikon. Along with the broadening of product lines, Metris's close relationship with the automotive and aerospace industries will also reinforce our customer base. Through this action, we will focus on expanding sales activities to increase the market share for Metris products in the measuring instruments field.

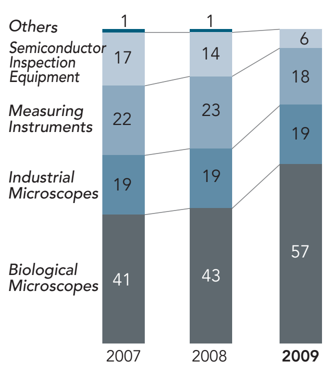
The Instruments Company as the Third Pillar of the Nikon Group

In June 2008 Nikon established the Sales Division to strengthen its sales structure, and formulated a strategy to systematically address customer needs.

At the same time, we upgraded our training structure. Both sales skills and product knowledge are essential to sell biological microscopes, a field in which a hundred researchers will use the product in a hundred different ways. We therefore established a program to enhance sales skills and product knowledge in six months or one-year stages. We also have a similar program for sales representatives in the industrial instruments field. The Instruments Company is making a concerted effort to train personnel able to address the complex and sophisticated needs of its customers.

Nikon also creates opportunities for employees to talk and discuss work issues at all levels of the organization, including development, production and sales. We believe that the exchange of opinions and better sharing of information will help foster an open and lively corporate culture, continually generate products that exceed customer expectations, and place the Instruments Company alongside the Precision Equipment Company and Imaging Company as the third pillar of the Nikon Group.

Sales Value Ratio by Product
(%)
Years ended March 31



Product Spotlight

Instruments Company

Confocal Microscope A1

High-quality imaging of intracellular biological processes, for cutting-edge research Confocal Microscope A1 Series

Confocal Microscope A1 Series (Launched in February 2008)

The A1 series is a confocal microscope system capable of capturing high-speed, high-resolution images of cells and molecular events. As demonstrated by the recent and widely publicized success in development of a method of creating induced pluripotent stem (iPS) cells, applications for cell manipulation are expanding rapidly in regenerative medicine and other fields. Consequently, there is a growing need to easily examine and analyze the morphology and alteration of cells, as well as the interactions among molecules within cells.

Nikon's top-end confocal microscope A1 Series allows for accurate capturing of the high-speed, long-term changes occurring within cells and producing high-quality images. Offering enhanced basic functions, full automation and a variety of optional functions, the A1 Series meets a wide range of needs for the cutting-edge research in biological and biomedical fields conducted at research institutions and university facilities.

Refined cube-shape design for space-saving and a durable body for high vibration resistance

Inverted Metallurgical Microscope ECLIPSE MA200 (Launched in October 2008)

The ECLIPSE MA200 is an industrial microscope used for microstructural observation, evaluation and analysis of industrial materials such as metals, ceramics and polymers, as well as for visual inspection of such components as IC chips and magnetic heads. It is used in a wide range of fields, including R&D and inspection and quality assurance divisions in the automotive and materials-related industries.

The innovative design of the ECLIPSE MA200 has radically altered the image of an inverted microscope. Together with space-saving and a durable construction, Nikon's system has a stage located on the front and right-hand side of the body for enhanced visibility of the objective lens and sample location. The infinity corrected optical system CF160 provides for advanced examination by offering a clear, high-contrast brightfield image, along with a darkfield image three times brighter than previous models. In addition to ordinary observation, the system enables integrated handling of digitized images, such as creation of an image with a wider field by using the stitching function in the NIS-Elements imaging software to link image data from adjoining sectors.

Inverted Metallurgical Microscope
ECLIPSE MA200

Review of Operations

Other

Sales decreased 5.5% from the previous fiscal year to ¥18,693 million, with operating income down 20.9% to ¥2,876 million.

4×10DCF

The customized products business suffered a decrease in sales of special order items and solid-state lasers, due in part to the deterioration of market conditions, though sales of optical components and space-related products were on a par with the previous fiscal year.

The glass-related business increased sales owing to the commencement of shipments of LCD photomask substrates for 10th generation equipment.

The sport optics products business enjoyed solid sales in the European and Asian markets.

MONARCH X 8.5×45DCF

EZ-Micro EX (Available in Japan only)

Highlights

Fiscal Year Ended March 2009

2008

April

Briefing held to explain the "Nikon Group's Business Partners' CSR Guidelines."

May

Nikon D3, D300 and AF-S NIKKOR 14–24mm f/2.8G ED Honored with TIPA European Photo & Imaging Awards.
- Digital SLR Camera Nikon D3
  "The Best D-SLR Professional in Europe 2008"
- Digital SLR Camera Nikon D300
  "The Best D-SLR Expert in Europe 2008"
- AF-S NIKKOR 14–24mm f/2.8G ED
  "The Best Professional Lens in Europe 2008"

Nikon donates ¥3 million to the Japanese Red Cross Society in emergency aid for victims of the Cyclone Nargis, which struck Myanmar on May 2, 2008.

Nikon donates ¥10 million to the Japanese Red Cross Society and other organizations in emergency aid for victims of the earthquake in Sichuan Province, China, on May 12, 2008.

Nikon D3 Wins CAMERA GRAND PRIX 2008 Camera of the Year and Readers Award.
- Digital SLR Camera Nikon D3
  "CAMERA GRAND PRIX 2008 Camera of the Year"
  "CAMERA GRAND PRIX 2008 Readers Award"

Nikon acquires 3,713,000 shares of its own stock through a market purchase at a total cost of ¥11,997,760,000.

Nikon participates in the "Mt. Fuji Reforestation Project OISCA-International," supporting reforestation of the areas at the foot of Mt. Fuji.

June

Nikon announces acceptance of submissions for the Nikon Photo Contest International 2008–2009 from September 1 to November 30, 2008.

Nikon donates ¥3 million to the Japanese Red Cross Society in emergency aid for victims of the earthquake in the Iwate/Miyagi region, on June 14, 2008.

July

Japanese astronaut Akihiko Hoshide uses the digital SLR camera Nikon D2XS during a 14-day mission in June aboard the space shuttle *Discovery*.

Nikkei Business magazine ranks Nikon first in customer satisfaction for after-sale service on digital cameras for the fourth consecutive year, in its "2008 After-sale Service Satisfaction Ranking."

Sales subsidiary Nikon (Russia) LLC. established to bolster sales of imaging products, and expand after-sales service in Russia.

August

Expanded production capacity of ArF immersion scanners announced.

Nikon D3, AF-S NIKKOR 14-24mm f/2.8G ED and AF-S NIKKOR 24–70mm f/2.8G ED honored with EISA Awards.
- Digital SLR Camera Nikon D3
  "European Professional Camera 2008–2009"
- AF-S NIKKOR 14–24mm f/2.8G ED
- AF-S NIKKOR 24–70mm f/2.8G ED
  "European Professional Lens 2008–2009"

Patent cross-licensing agreement signed with Microsoft Corporation to further product development.

September

Nikon sponsors the Nikon Field Photographer Program, offering families throughout Asia the chance to snap photographs on the field before the start of games during the 2010 FIFA World Cup Asian final qualifiers and the AFC Champions League (ACL) 2008.

Cumulative production volume of NIKKOR SLR lenses reaches 45 million units.

Nikon and Hewlett-Packard collaboratively develop a system to create ultra-high resolution images of paintings, murals, prints and other works of art.

October

Nikon announces a business collaboration with the U.S. firm DRVision Technologies LLC to develop software for Nikon's Instruments Company.

Nikon and Nikon's subsidiary Nikon Vision Co., Ltd. receive 2008 Good Design Awards.
- Inverted Research Microscope ECLIPSE Ti-E
- Speedlight SB-900
  "2008 Good Design Award"
- 6x15M CF (Nikon Vision)
  "2008 Good Design Long Life Design Award"

2009

January

Nikon D3 awarded iF Product Design Award.
- Digital SLR Camera Nikon D3
  "iF Product Design Award"

February

Nikon and France's Essilor International establish the joint venture company Nikon and Essilor International Joint Research Center Co., Ltd.

March

Nikon receives Intel Corporation's Supplier Continuous Quality Improvement (SCQI) award for 2008.

Notes:
1. The months for news items reflect the date of the relevant press release.
2. News items do not include new product announcements.
3. See Nikon's homepage for further details (http://nikon.com/about/news/).

CSR-Oriented Management

Nikon's CSR Initiatives

The Nikon Group seeks to contribute to the conservation of the global environment and the sustainable development of society. We practice earnest and transparent CSR-oriented management that strengthens our relationship of trust with all stakeholders.

The CSR Medium Term Plan

The Nikon Group believes CSR to be the elimination of waste and maximizing of efficiency; the continuation of business in an earnest and sound manner; the realization of value that exceeds expectations to contribute to the sustainable development of society; and being worthy of the trust placed in us by customers and society.

Since 2006, Nikon has held "CSR-oriented management" as one of the priority measures in its Medium Term Management Plan. We have implemented a range of measures in accordance with this goal, and in 2007 formulated the Nikon Corporate Social Responsibility (CSR) Charter to instill Nikon's basic stance toward CSR in all employees throughout the corporate group. For the current fiscal year (ending March 2010) we formulated a medium-term plan for CSR, incorporating such priority measures as the development and furthering of environmental management, and global promotion of compliance structures. Through these measures, we endeavor to be a truly outstanding company.

CSR Structure

The Nikon Group's CSR program had previously consisted of individual committees to address specific issues such as business conduct, the environment, or social contribution. In January 2006, we established the CSR Committee, chaired by the president, to further ensure honesty and transparency in CSR management. The CSR Committee meets twice annually, and oversees seven subcommittees that address specific CSR issues: the Business Conduct Committee, Export Control Committee, Environmental Committee, Social Contribution Committee, Safety and Health Committee, Risk Management Committee, and Integrated Disaster Prevention and BCM (Business Continuity Management) Committee. The CSR Committee efficiently coordinates the overall CSR program, and furthers CSR activities.

CSR Promotion Organization

Management

The Nikon Group, with a strong sense of awareness as a corporate citizen, conducts highly transparent management compliant with laws and regulations, and furthers a range of management initiatives to earn the trust of society as a whole.

Corporate Governance

With the business environment increasingly global in scope, the Nikon Group is strengthening its corporate governance and expanding its internal control systems to enhance the management efficiency and transparency that strengthen the bonds of trust with stakeholders.

The corporate governance structure consists of the Board of Directors, the Executive Committee, and the Board of Corporate Auditors. Nikon Corporation also adopted the in-house company system in October 1999 to integrate the structures for each business and provide for more decentralized management. We have established regulations stipulating the rights and responsibilities of each organization and management positions, and for Group companies provide guidance and administration according to the prescribed standards for both domestic and overseas subsidiaries. These regulations and systems help ensure more structured and efficient conduct of business operations.

Internal Control System

In 2005, to further enhance the internal controls for the corporate group, Nikon Corporation overhauled the structure of its Executive Committee with regard to the deliberation, resolution, communication and reporting of business matters, and amended the rules for the delegation of authority in divisions. We also established an Internal Audit Department, under the direct control of the president and independent of other operations departments, to conduct internal audits. During the fiscal year ended March 2009, in addition to the schedule in the audit plan, we conducted a company-wide assessment of all internal controls and internal control structures for operational processes through Nikon Corporation and the Nikon Group, acting as an independent evaluation division under Japan's Financial Instruments and Exchange (J-SOX) Act. We also conducted a thorough review of network access rights for all group networks as part of the management of information assets from April 2007.

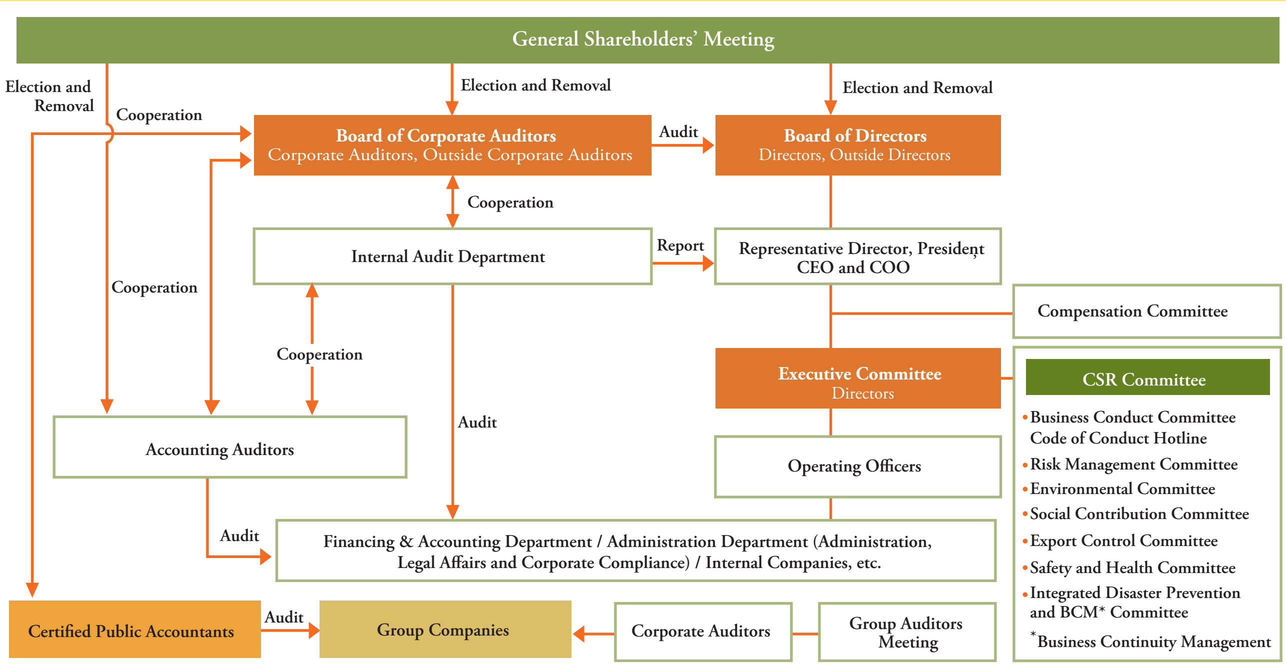
Business Conduct (Compliance)

The Nikon Group undertakes various measures to allow all employees to act properly with full awareness of compliance in the course of their daily business activities. The Nikon Business Conduct Committee formulates Nikon Group policy on compliance. In accordance with the policies thus formulated, the Compliance Section of Nikon Corporation fosters compliance-related activities in cooperation with the Code of Conduct Coordinators stationed in the departments of the Company and in the Nikon Group companies within Japan. During the fiscal year ended March 2009, we conducted education and awareness training sessions to familiarize employees with the Nikon Code of Conduct, compliance awareness surveys targeting Nikon Group employees within Japan and fed back the result to the relevant departments/companies and held seminars for managers aimed at preventing power harassment.

Risk Management

The Risk Management Committee was established in April 2006 to provide for comprehensive management of the major risks in corporate management, and help ensure the sustainable development of the Nikon Group. Specifically, the committee examines and evaluates the risks within the Group, and formulates strategies to counter those risks that could have an impact on business

Corporate Governance Organization Diagram



performance. It also conducts training to minimize the damage from risks, monitors risks on a regular basis, and establishes the plan-do-check-act (PDCA) protocols. Currently, the committee focuses on such areas as information security, risk management for employees dispatched overseas, and measures to counter the new type of influenza.

The Integrated Disaster Prevention and BCM (Business Continuity Management) Committee (see page 22) was established in July 2007 to address the risk of a serious impact on the Nikon Group resulting from a major earthquake, fire, or other disaster. Nikon considers business continuity to be an aspect of its social responsibility, and conducts research and training to strengthen its business continuity structure.

Environmental Conservation

Nikon formulated the Nikon Basic Environmental Management Policy in 1992 as its fundamental policy on environmental management, and made substantial revisions in the fiscal year ended March 2002 from the standpoint of creating a recycling-based society. In line with this policy, each year Nikon assesses its progress in relation to the environmental targets set for each fiscal year, identifies the issues raised, and makes revisions as necessary. The Environmental Committee overseen by the CSR Committee (see page 22) formulates the goals and targets for the new three-year Nikon Environmental Action Plan, along with the annual environmental targets, and implements these throughout the corporate group.

The Nikon Group has also formulated the Nikon Product Assessment protocol, which is applied to all products during the development and design stage to minimize the environmental load across the lifecycle of a product. Nikon also takes steps to encourage the reuse and recycling of used products, and lessen the environmental burden from packaging and in distribution.

In October 2007, the Nikon Group established the Global Warming Prevention Project, a group-wide measure to counter the serious issue of global warming. This project prioritizes the efficient use of energy and reductions in energy consumption as a means of cutting emissions of global greenhouse gases throughout the Group, and sets targets for greenhouse gas reductions in the fiscal year ending March 2011. Each business division forms a working group to study and propose effective measures in accordance with its various conditions, which are implemented in stages.

Social Contributions

The Nikon Group operates in many countries and regions around the world, and strives to maintain communication with those countries and regions, as well as the people who live there, while pursuing its social action program. In Japan, group companies offer factory tours and hands-on classes for elementary and junior high school students, while production centers participate in local government-sponsored events.

Nikon U.K. Ltd. implemented a two-year program from the fiscal year ended March 2009 in which many employees provide support to The Princess Alice Hospice. Through this program, employees assist specialists in the hospice supplying palliative care for terminally ill patients suffering from cancer or other ailments.

Respect for Human Rights

The Nikon Group includes employees from a wide range of backgrounds, differing in such aspects as gender, age, nationality and culture. The Group strives to provide an environment that respects the individuality, values, and other aspects of diversity among each of its employees, and allows them to realize their full potential.

Since 2007, Nikon Corporation has made a particular effort to foster a corporate culture that actively develops the talents of women, and in which they can succeed. Self-realization training for women was launched in that year, with a schedule for all female employees throughout the domestic corporate group to receive training by the fiscal year ending March 2013. In 2008, Nikon Corporation established the Work and Family Support subcommittee, composed of female employees raising children while working, that studies ways to improve Nikon's child-rearing support system.

In 2000, Nikon Corporation established the special subsidiary Nikon Tsubasa Inc. as part of its efforts to support employment of the handicapped. This subsidiary is one of the very few factories in Japan where the mentally disabled are involved in the assembly of precision instruments, and has earned a good reputation for the work provided, receiving orders from companies outside the Nikon Group.

Five-Year Summary

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of Yen					Thousand of U.S. Dollars
	2009	2008	2007	2006	2005	**2009**
For the year						
Net sales	**¥879,719**	¥ 955,792	¥ 822,813	¥ 730,944	¥638,468	**$8,955,707**
Cost of sales	**561,642**	551,551	494,663	468,944	429,143	**5,717,626**
SG&A expenses	**269,892**	269,072	226,143	195,413	178,780	**2,747,551**
Operating income	**48,185**	135,169	102,007	66,587	30,545	**490,530**
Income before income taxes and minority interests	**39,180**	116,704	87,813	40,925	33,443	**398,861**
Net income	**28,056**	75,484	54,825	28,945	24,141	**285,615**
Per share of common stock (Yen and U.S. dollars):						
Basic net income	**¥ 70.76**	¥ 189.00	¥ 146.36	¥ 78.16	¥ 65.19	**$ 0.72**
Diluted net income	**67.91**	181.23	131.42	69.33	57.84	**0.69**
Cash dividends applicable to the year	**18.00**	25.00	18.00	10.00	8.00	**0.18**
Capital expenditures	**¥ 43,467**	¥ 39,829	¥ 30,432	¥ 25,817	¥ 22,459	**$ 442,506**
Depreciation and amortization	**32,910**	25,678	22,625	20,760	19,705	**335,030**
R&D costs	**61,489**	58,373	47,218	37,139	33,561	**625,971**
At year-end						
Total assets	**¥749,805**	¥ 820,622	¥ 748,939	¥ 690,920	¥633,426	**$ 7,633,159**
Total equity	**379,087**	393,126	348,445	243,122	196,030	**3,859,177**

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 ¥98.23 to U.S. $1.00, the exchange rate at March 31, 2009.

Management's Discussion and Analysis

Nikon Corporation and Consolidated Subsidiaries
For the year ended March 31, 2009

Business Environment

During the consolidated fiscal year ended March 31, 2009, the global economy held firm overall in the first half, supported mostly by growth in Asian economies despite a continued slowdown in Western nations from the very beginning of the period. In the second half, however, financial anxiety spread, sparked by the collapse of a major U.S. financial institution, leading to a global consumption slump, investment freeze, and plunge in stock prices.

Reviewing the business segments of the Nikon Group under these conditions, the semiconductor-related market contracted sharply with the large reduction in capital expenditure from the drop in global demand for semiconductor devices. In the liquid crystal panel-related business, while investment was lively in the first half the market conditions worsened dramatically thereafter because of the abrupt slowdown in demand for large-scale panels for flat-screen TVs since last summer. The digital camera market environment also deteriorated suddenly from the second half due to stagnant personal consumption caused by the worsening of business conditions amid the financial crisis that originated from the United States. Nevertheless, digital camera revenues posted continued growth for the full year as a result of the brisk activity during the first half. The bioscience field remained firm, mainly in areas working with live cells. The industrial instruments field was impacted strongly by cutbacks in capital expenditures as the semiconductor, electronic component and automotive-related markets remained dull.

Financial Performance

The Nikon Group established a Management Reform Committee to address the changes in the business environment amid these harsh economic conditions, and promptly implemented various measures throughout the Nikon Group under the committee's direction. As a result of these developments, net sales for the consolidated fiscal year decreased by ¥76,073 million (8.0%) from the previous year to ¥879,719 million, operating income declined ¥86,984 million (64.4%) to ¥48,185 million, net income fell ¥47,428 million

Income Analysis
Years ended March 31, 2009 and 2008

	% of Net Sales	
	2009	2008
Net sales	**100.0%**	100.0%
Cost of sales	**(63.8)**	(57.7)
Gross profit	**36.2**	42.3
SG&A expenses	**(30.7)**	(28.2)
Operating income	**5.5**	14.1
Net interest expense and dividend income	**0.1**	0.2
Net other expenses	**(1.1)**	(2.1)
Income before income taxes and minority interest	**4.5**	12.2
Income taxes	**(1.3)**	(4.3)
Net income	**3.2**	7.9

Note: All expenses and subtractive amounts are in parentheses.

(62.8%) to ¥28,056 million, and net income per share was down 62.6% to ¥70.76.

Performance by Business Segment

In the Precision Equipment Business, in IC steppers and scanners efforts were made to promote the sales of cutting-edge models such as the NSR-S610C immersion scanner (the world's first mass production model with a node of 45 nm or less). In LCD steppers and scanners, efforts were made to expand sales of existing products such as the FX-65S, which is compatible with exposures by 6th generation glass plates, and of the FX903N, which is optimal for the production of small to medium-sized high-precision liquid crystal displays used in cell phones and automotive devices. With the downturn in market conditions, however, Precision Equipment net sales declined 24.4% from the previous year to ¥219,915 million. Operating income was down 81.5% to ¥8,041 million.

In the Imaging Products Business, the digital SLR cameras product line was enhanced with the launches of the flagship D3X and of the D90, which is the world's first mid-range model, the world's first digital SLR camera with movie recording functions. Compact digital cameras enjoyed a significant increase in both net sales and the number of units sold as a result of favorable sales in the North American region together with the March 2009 release of the COOLPIX P90, which provides a 24x optical zoom function, the COOLPIX S630, and other new S series products that combine functionality with stylish design. Sales of interchangeable lenses were higher as the NIKKOR lens marked its 75th anniversary. Sales of lenses in digital SLR camera kits were strong while sales of high-value-added, high-priced lenses also increased with the expanded line-up of digital SLR cameras for professionals and advanced amateurs. Following from the previous fiscal year, continued efforts were made to boost productivity, advance procurement reforms, improve inventory asset turnover periods and otherwise strengthen manufacturing, and to further reduce costs and realize higher asset efficiency. As a result, Imaging Products net sales increased by 1.8% to ¥596,468 million. Nevertheless, operating income dropped 52.3% to ¥40,039 million because of the large appreciation of the yen in the second half, the slump in personal consumption amid the economic downturn, and the decline in product unit prices under intensified competition.

In the Instruments Business, bioscience field sales were at the same level as the previous fiscal year, with efforts focused on promoting the sales of system products including the ECLIPSE Ti inverted research microscope and the A1 confocal microscope. Meanwhile, the industrial instruments field posted sharp declines in sales of industrial microscopes, measuring instruments and semiconductor inspection equipment because of sluggish industrial instrument-related markets, despite efforts to promote sales in various areas including the launch of the ECLIPSE MA200 inverted metallurgical microscope. As a result, Instruments Business net sales decreased by 24.4% to ¥44,643 million, with an operating loss of ¥2,724 million (compared with operating income of ¥4,081 million in the previous fiscal year).

In Other Business, in the customized products business sales of optical components and space-related products were basically flat, while sales of special-order items and solid-state lasers declined with the deterioration of market conditions. Glass-related business sales increased with the commencement of shipments of LCD photomask substrates for 10th generation equipment. The sport optics products business was firm, with strong sales in Europe and Asia. As a result, Other Business net sales decreased by 5.5% to ¥18,693 million. Operating income was down 20.9% to ¥2,876 million.

Segment Performance by Region

In digital cameras, sales were down in Japan impacted by the sudden worsening of market conditions. Overseas sales held firm in each country, when denominated in local currencies. Denominated in yen, sales rose in North America and Asia/Oceania, but remained flat in Europe, influenced by the rapid appreciation of the yen. Sales of IC steppers and scanners declined worldwide with the cutbacks in capital expenditures in all regions.

As a result of these developments, in Japan, net sales declined 31.6% to ¥259,844 million with operating income of ¥20,172 million. In North America, sales rose 13.2% to ¥272,457 million, with operating income of ¥2,925 million. In Europe, sales were down 2.3% to ¥219,119 million, with operating income of ¥6,166 million. In Asia/Oceania, sales were up 6.0% to ¥128,299 million, with operating income of ¥11,964 million.

Financial Position

During the consolidated fiscal year ended March 31, 2009, total assets declined ¥70,817 million from the previous year to ¥749,805 million. This mostly reflected a ¥77,183 million decrease in current assets, with drops in cash and cash equivalents, notes receivable, and accounts receivable—trade.

Total liabilities declined ¥56,778 million to ¥370,718 million mostly due to decreases in notes, accounts payable—trade and accrued expenses, despite increases in the balances of short-term borrowings, bonds to be redeemed within one year, issuance of commercial paper, and long-term loans payable.

Total equity fell ¥14,039 million to ¥379,087 million, despite an increase in retained earnings from posting the fiscal year net income.

Net Sales by Industry Segment
Years ended March 31, 2009 and 2008

	Millions of Yen, %		Thousands of U.S.Dollars
	2009	2008	**2009**
Precision Equipment	**¥219,915**	¥290,814	**$2,238,779**
Share of net sales	**25.0%**	30.4%	
Imaging Products	**596,468**	586,147	**6,072,159**
Share of net sales	**67.8**	61.3	
Instruments	**44,643**	59,043	**454,469**
Share of net sales	**5.1**	6.2	
Other	**18,693**	19,788	**190,300**
Share of net sales	**2.1**	2.1	
Total	**¥879,719**	¥955,792	**$8,955,707**

Balance Sheet Analysis
March 31, 2009 and 2008

	% of Total Assets	
	2009	2008
Total assets	**100.0 %**	100.0 %
Total current assets	**69.2**	72.6
Inventories	**35.4**	32.3
Property, plant and equipment	**16.8**	14.3
Investments and other assets	**14.0**	13.1
Total current liabilities	**38.6**	43.0
Short-term borrowings	**4.8**	1.0
Long-term debt, less current portion	**8.7**	7.3
Total equity	**50.6**	47.9

The decrease in total equity was mostly the result of the acquisition of treasury stock and of declines in the valuations of other negotiable securities and from foreign exchange translation adjustments. The equity ratio increased 2.6 percentage points from the end of the previous fiscal year to 50.5%.

Cash Flow Analysis

Cash flows from operating activities decreased ¥110,728 million to ¥10,112 million. Despite the posting of ¥39,180 million in income before income taxes and a ¥26,694 million decrease in notes and accounts receivable—trade, cash flows from operating activities fell mainly because of a ¥56,885 million decrease in notes and accounts payable—trade, with ¥53,287 million in income taxes paid.

Cash flows from investing activities declined ¥5,265 million to ¥44,518 million, mostly because of ¥31,035 million in expenditures for the purchase of property, plant and equipment.

Cash flows from financing activities increased ¥44,438 million to ¥5,774 million mainly because of a ¥20,000 million increase in commercial paper and ¥11,700 million in proceeds from long-term debt, despite the payment of ¥10,338 million in cash dividends and expenditures of ¥12,338 million for the acquisition of treasury stock and ¥5,000 million for the redemption of bonds.

As a result of these developments, the balance of cash and cash equivalents declined ¥33,152 million to ¥79,806 million.

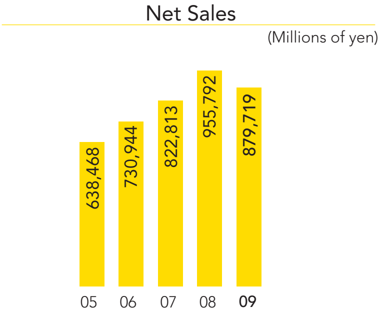
Basic Policy on Shareholder Returns and Current and Subsequent Term Dividends

Nikon's basic dividend policy is to improve reflection of business performance based on paying a steady, continuous dividend emphasizing the standpoint of investors while also expanding investment for future growth and technological development (capital expenditure and R&D development) and striving to strengthen competitiveness. Under this basic policy, Nikon has aimed at a total return ratio of at least 25% and otherwise provided shareholder returns through dividend increases and the acquisition of treasury stock.

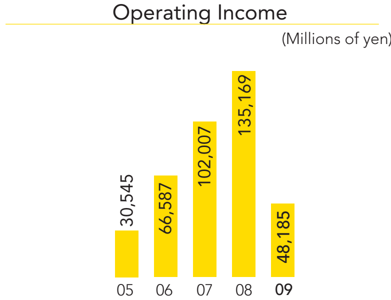
For the fiscal year ended March 31, 2009, with declines in both sales and income Nikon set the year-end dividends at ¥5.5 per share, a decrease of ¥8 from the previous fiscal year. As a result, cash dividends for the full fiscal year ended March 31, 2009 totaled ¥18 per share, including a ¥12.5 interim dividend.

For the fiscal year ending March 31, 2010, Nikon plans to pay total dividends of ¥8 per share, including a ¥4 interim dividend.

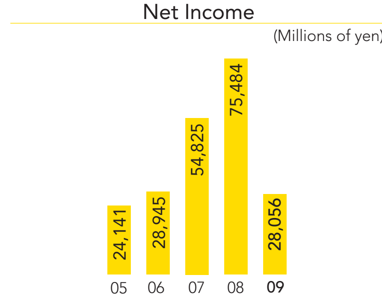
Net Sales



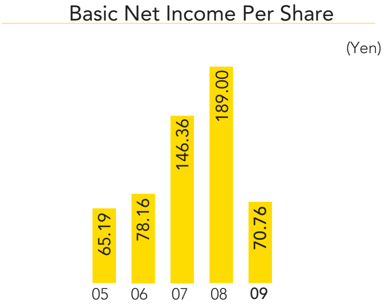
Operating Income



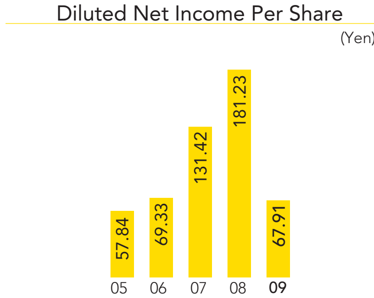
Net Income



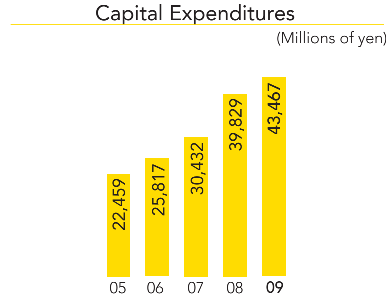
Basic Net Income Per Share



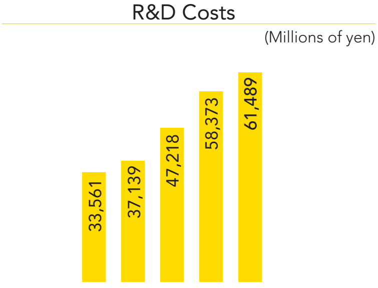
Diluted Net Income Per Share



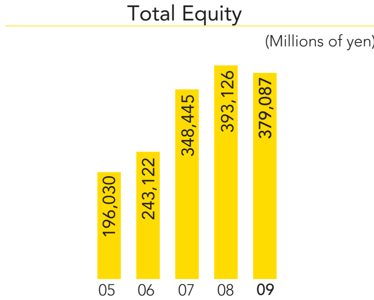
Capital Expenditures



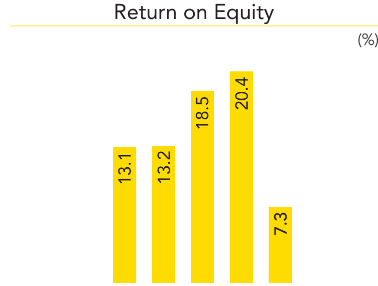
R&D Costs



Total Equity



Return on Equity



Consolidated Balance Sheets

Nikon Corporation and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
ASSETS			
Current assets			
Cash and cash equivalents	**¥ 79,806**	¥112,958	**$ 812,444**
Notes and accounts receivable — trade:			
Customers	**120,572**	159,040	**1,227,441**
Unconsolidated subsidiaries and associated companies	**584**	895	**5,949**
Allowance for doubtful receivables	**(7,005)**	(3,042)	**(71,317)**
Inventories (Note 4)	**265,215**	264,721	**2,699,936**
Deferred tax assets (Note 11)	**33,299**	40,126	**338,988**
Other current assets	**26,464**	21,420	**269,420**
Total current assets	**518,935**	596,118	**5,282,861**
Property, plant and equipment (Note 5)			
Land	**14,970**	15,489	**152,398**
Buildings and structures	**106,494**	103,920	**1,084,125**
Machinery and equipment	**156,267**	148,169	**1,590,826**
Furniture and fixtures	**53,600**	56,147	**545,661**
Lease assets (Note 13)	**11,673**		**118,832**
Construction in progress	**6,860**	8,233	**69,844**
Total	**349,864**	331,958	**3,561,686**
Accumulated depreciation	**(223,791)**	(214,794)	**(2,278,239)**
Net property, plant and equipment	**126,073**	117,164	**1,283,447**
Investments and other assets			
Investment securities (Notes 3 and 6)	**41,670**	66,196	**424,209**
Investments in and advances to unconsolidated subsidiaries and associated companies	**9,136**	9,046	**93,009**
Long-term loans to employees and other	**87**	100	**888**
Software	**16,010**	11,935	**162,985**
Goodwill	**157**	90	**1,597**
Security deposit	**3,131**	3,475	**31,871**
Deferred tax assets (Note 11)	**22,853**	4,406	**232,644**
Other	**11,813**	12,197	**120,261**
Allowance for doubtful receivables	**(60)**	(105)	**(613)**
Total investments and other assets	**104,797**	107,340	**1,066,851**
Total	**¥749,805**	¥820,622	**$7,633,159**

See Notes to Consolidated Financial Statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings (Note 6)	**¥ 35,770**	¥ 8,500	**$ 364,145**
Current portion of long-term debt (Note 6)	**13,607**	7,822	**138,527**
Notes and accounts payable — trade:			
Suppliers	**118,888**	185,342	**1,210,298**
Unconsolidated subsidiaries and associated companies	**582**	719	**5,927**
Income taxes payable	**2,947**	32,063	**30,005**
Accrued expenses	**44,467**	59,476	**452,686**
Advances received	**46,125**	37,774	**469,561**
Other current liabilities (Note 11)	**26,949**	20,768	**274,339**
Total current liabilities	**289,335**	352,464	**2,945,488**
Long-term liabilities			
Long-term debt (Note 6)	**65,563**	60,213	**667,440**
Liability for employees' retirement benefits (Note 7)	**14,022**	13,024	**142,752**
Retirement allowances for directors and corporate auditors (Note 2 (i))	**470**	533	**4,781**
Other long-term liabilities (Note 11)	**1,328**	1,262	**13,521**
Total long-term liabilities	**81,383**	75,032	**828,494**
Commitments and Contingent liabilities (Notes 13, 14, and 15)			
Equity			
Common stock (Note 8):			
Authorized — 1,000,000,000 shares;			
issued, 400,878,921 shares in 2009 and 400,101,468 shares in 2008	**65,476**	64,676	**666,557**
Capital surplus (Note 8)	**80,712**	79,912	**821,658**
Stock acquisition rights (Note 9)	**233**	147	**2,373**
Retained earnings (Note 8)	**264,828**	245,255	**2,695,995**
Unrealized gain on available-for-sale securities	**(2,430)**	10,389	**(24,730)**
Deferred loss on derivatives under hedge accounting	**(916)**	(12)	**(9,322)**
Foreign currency translation adjustments	**(15,377)**	(5,884)	**(156,543)**
Treasury stock — at cost:			
4,472,250 shares in 2009 and 708,305 shares in 2008	**(13,439)**	(1,357)	**(136,811)**
Total	**379,087**	393,126	**3,859,177**
Total equity	**379,087**	393,126	**3,859,177**
Total	**¥749,805**	¥820,622	**$7,633,159**

Consolidated Statements of Income

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
Net sales	**¥879,719**	¥955,792	**$8,955,707**
Cost of sales	**561,642**	551,551	**5,717,626**
Gross profit	**318,077**	404,241	**3,238,081**
Selling, general and administrative expenses (Note 10)	**269,892**	269,072	**2,747,551**
Operating income	**48,185**	135,169	**490,530**
Other income (expenses)			
Interest and dividend income	**2,207**	2,910	**22,465**
Interest expense	**(1,091)**	(1,439)	**(11,106)**
Cash discount	**(4,410)**	(4,509)	**(44,894)**
Write-down of inventories		(5,450)	
Loss on disposals of inventories		(5,304)	
Loss on disposals of property, plant and equipment	**(1,891)**	(923)	**(19,255)**
Loss on impairment of fixed assets	**(721)**	(264)	**(7,337)**
Loss on sales investment securities		(94)	
Loss on valuation of investment securities	**(5,930)**	(534)	**(60,373)**
Gain on sales of property, plant and equipment	**70**	179	**712**
Gain on sales of investment securities		1,635	
Environmental expenses		(894)	
Loss on restructuring of business		(1,384)	
Equity in earnings of unconsolidated subsidiaries and associated companies	**1,022**	1,309	**10,405**
Other — net	**1,739**	(3,703)	**17,714**
Other expenses — net	**(9,005)**	(18,465)	**(91,669)**
Income before income taxes	**39,180**	116,704	**398,861**
Income taxes (Note 11)			
Current	**12,668**	47,750	**128,968**
Deferred	**(1,544)**	(6,530)	**(15,722)**
Total income taxes	**11,124**	41,220	**113,246**
Net income	**¥ 28,056**	¥ 75,484	**$ 285,615**

	Yen		U.S. Dollars (Note 1)
Per share of common stock (Notes 2 (s) and 16)**:**			
Basic net income	**¥70.76**	¥189.00	**$0.72**
Diluted net income	**67.91**	181.23	**0.69**
Cash dividends applicable to the year	**18.00**	25.00	**0.18**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, March 31, 2007	399,427	¥64,676	¥79,912	¥ 83	¥179,019	¥ 22,105	¥(199)	¥ 3,672	¥ (1,018)	¥348,250	¥ 195	¥348,445
Net income					75,484					75,484		75,484
Cash dividends, ¥23.0 per share					(9,186)					(9,186)		(9,186)
Purchase of treasury stock	(168)								(582)	(582)		(582)
Disposal of treasury stock	134				(66)				243	177		177
Adjustment of retained earnings for newly consolidated subsidiaries					59					59		59
Adjustment of pension obligation for foreign consolidated subsidiaries					(55)					(55)		(55)
Net change in the year				64		(11,716)	187	(9,556)		(21,021)	¥(195)	(21,216)
BALANCE, March 31, 2008	399,393	64,676	79,912	147	245,255	10,389	(12)	(5,884)	(1,357)	393,126		393,126
Adjustment of retained earnings due to an adoption of PITF No.18 (Note 2. (b))					**2,008**					**2,008**		**2,008**
Coversion of convertible bonds	**777**	**800**	**800**							**1,600**		**1,600**
Net income					**28,056**					**28,056**		**28,056**
Cash dividends, ¥26.0 per share					**(10,347)**					**(10,347)**		**(10,347)**
Purchase of treasury stock	**(3,849)**								**(12,338)**	**(12,338)**		**(12,338)**
Disposal of treasury stock	**85**				**(144)**				**256**	**112**		**112**
Net change in the year				**86**		**(12,819)**	**(904)**	**(9,493)**		**(23,130)**		**(23,130)**
BALANCE, March 31, 2009	**396,406**	**¥65,476**	**¥80,712**	**¥233**	**¥264,828**	**¥ (2,430)**	**¥(916)**	**¥(15,377)**	**¥(13,439)**	**¥379,087**		**¥379,087**

	Thousands of U.S. Dollars (Note 1)										
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-Sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, March 31, 2008	$658,413	$813,514	$1,496	$2,496,745	$105,759	$ (119)	$ (59,901)	$ (13,819)	$4,002,088		$4,002,008
Adjustment of retained earnings due to an adoption of PITF No.18 (Note 2. (b))				**20,438**					**20,438**		**20,438**
Coversion of convertible bonds	**8,144**	**8,144**							**16,288**		**16,288**
Net income				**285,615**					**285,615**		**285,615**
Cash dividends, U.S.$0.26 per share				**(105,334)**					**(105,334)**		**(105,334)**
Purchase of treasury stock								**(125,603)**	**(125,603)**		**(125,603)**
Disposal of treasury stock				**(1,469)**				**2,611**	**1,142**		**1,142**
Net change in the year			**877**		**(130,489)**	**(9,203)**	**(96,642)**		**(235,457)**		**(235,457)**
BALANCE, March 31, 2009	**$666,557**	**$821,658**	**$2,373**	**$2,695,995**	**$ (24,730)**	**$(9,322)**	**$(156,543)**	**$(136,811)**	**$3,859,177**		**$3,859,177**

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
Operating activities:			
Income before income taxes	**¥ 39,180**	¥116,704	**$ 398,861**
Adjustments for:			
Income taxes-paid	**(53,287)**	(43,428)	**(542,469)**
Loss on impairment of fixed assets	**721**	274	**7,337**
Provision for (reversal of) doubtful receivables	**4,306**	262	**43,838**
Depreciation and amortization	**32,892**	25,548	**334,847**
Provision for employees' retirement benefits	**1,021**	(2,383)	**10,399**
Provision for retirement allowance for directors and corporate auditors	**(63)**	77	**(641)**
Loss (Gain) on sales of property, plant and equipment	**(32)**	(149)	**(332)**
Loss (Gain) on disposal of property, plant and equipment	**1,891**	920	**19,255**
Loss (Gain) on sales of investment securities		(1,541)	
Loss on valuation of investment securities	**5,930**	534	**60,373**
Other — net	**2,636**	5,798	**26,823**
Change in assets and liabilities:			
Increase (decrease) in notes and accounts receivable — trade	**26,694**	(16,982)	**271,753**
Increase in inventories	**(7,849)**	(26,285)	**(79,911)**
Increase (decrease) in notes and accounts payable — trade	**(56,885)**	40,705	**(579,095)**
Other — net	**12,957**	20,786	**131,905**
Total adjustments	**(29,068)**	4,136	**(295,918)**
Net cash provided by operating activities	**10,112**	120,840	**102,943**
Investing activities:			
Purchases of property, plant and equipment	**(31,035)**	(28,434)	**(315,942)**
Proceeds from sales of property, plant and equipment	**587**	1,501	**5,972**
Purchases of investment securities	**(3,441)**	(12,387)	**(35,027)**
Proceeds from sales of investment securities		2,477	
Net decrease (increase) in loans receivable	**(325)**	59	**(3,305)**
Other — net	**(10,304)**	(12,999)	**(104,905)**
Net cash used in investing activities	**(44,518)**	(49,783)	**(453,207)**
Financing activities:			
Net Increase (decrease) in short-term borrowings	**27,432**	(6,965)	**279,264**
Proceeds from long-term debt	**11,700**	501	**119,108**
Repayments of long-term debt	**(7,819)**	(22,048)	**(79,604)**
Purchase of treasury stock	**(12,338)**		**(125,603)**
Dividends paid	**(10,338)**	(9,187)	**(105,243)**
Other — net	**(2,863)**	(965)	**(29,141)**
Net cash provided by (used in) financing activities	**5,774**	(38,664)	**58,781**
Foreign currency translation adjustments on cash and cash equivalents	**(4,520)**	(3,753)	**(46,003)**
Net increase in cash and cash equivalents	**(33,152)**	28,640	**(337,486)**
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year		469	
Cash and cash equivalents of merged previously non-consolidated subsidiary	**(0)**		**(2)**
Cash and cash equivalents, beginning of year	**112,958**	83,849	**1,149,932**
Cash and cash equivalents, end of year	**¥ 79,806**	¥112,958	**$ 812,444**
Non-cash investing and financing activities			
Convertible bonds converted into common stock	**¥ 800**		**$ 8,144**
Convertible bonds converted into capital surplus	**800**		**8,144**
Lease assets recognized under "Accounting Standard for Lease transactions"	**11,921**		**121,361**
Lease obligations recognized under "Accounting Standard for Lease transactions"	**11,921**		**121,361**

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Nikon Corporation and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nikon Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the approximate rate of ¥98.23 to U.S.$1, the rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The consolidated financial statements as of March 31, 2009 include the accounts of the Company and its 48 significant (48 in 2008) subsidiaries (collectively, the "Group"). Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method.

Investments in 2 associated companies (2 associated companies in 2008) are accounted for by the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of an acquisition over the fair value of the net assets of the acquired subsidiary at the date of acquisition ("Goodwill") is charged to income when incurred, if the amounts are immaterial, otherwise the amounts are amortized on a straight-line basis over 5 years.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". PITF No.18 prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2008. The effect of this change was to increase operating income by ¥6,029 million ($61,372 thousand) and income before income taxes by ¥5,981 million ($60,891 thousand). In addition, the Company adjusted the beginning balance of retained earnings at April 1, 2008 as if this accounting standard had been retrospectively applied.

(c) Business Combination

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations", and on December 27, 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures".

The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests.

For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

(d) Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper and mutual funds invested in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

(e) Investment Securities

Investment securities are classified and accounted for, depending on management's intent, as follows:

i) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost and
ii) available-for-sale securities, which are not classified as held to maturity securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Non-marketable available-for-sale securities are stated at cost determined by the moving average method.

For other than temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

The company records investments in limited liability investment partnerships (deemed "investment securities" under the provisions set forth in Article 2 Item 2 of the Financial Instruments and Exchange Law) using the amount of interest in such partnerships calculated based on ownership percentage and the most recent financial statements on the report date stipulated in the partnership agreement.

(f) Inventories

Prior to April 1 2008, inventories of the Company and its domestic subsidiaries were stated at cost, determined principally using the average method. In July 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard was effective for fiscal years beginning on or after April 1, 2008.

The Company and its domestic subsidiaries applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income and income before income taxes by ¥11,060 million ($112,592 thousand) respectively.

Inventories of foreign subsidiaries are stated at the lower of cost or market as determined principally using the average method.

In addition, loss on disposals of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales. As a result, operating income decreased by ¥4,426 million ($45,058 thousand).

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is principally computed using the declining-balance method, while the straight-line method is applied to buildings (excluding facilities incidental to buildings), and foreign subsidiaries apply the straight-line method, using rates based on the estimated useful lives of the assets. The range of useful lives is principally from 30 to 40 years for buildings and from 5 to 10 years for machinery. The useful lives for lease assets are the terms of the respective leases.

(h) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group.

The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(i) Retirement and Pension Plans

The Company has a defined benefit corporate pension plan (cash balance plan) and a defined contribution pension plan and its consolidated domestic subsidiaries have non-contributory funded pension plans. Certain foreign subsidiaries also have contributory pension plans.

The Group accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. Retirement allowances for officers are recorded to state the liability at the amount that would be required if all officers retired at each balance sheet date.

As stated in 2(b), the company adjusted the amortization of actuarial gain or loss of pensions that has been directly recorded in the equity by foreign subsidiaries including the United States in the consolidation process so that net income is accounted for in accordance with Japanese GAAP.

(j) Retirement Allowances for Directors and Corporate Auditors

Retirement allowances for directors and corporate auditors are recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

(k) Stock Options

On December 27, 2005, the ASBJ issued ASBJ Standard No.8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock options are presented as stock acquisition rights as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

The Company applied the new accounting standard for stock options to those granted on and after May 1, 2006.

(l) Research and Development Costs

The Group is active in research and development, and such costs are charged to income as incurred.

(m) Leases

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions", which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be measured at the obligations under finance leases at the transition date and recorded as acquisition cost of lease assets.

The Company and its domestic subsidiaries applied the revised accounting standard effective April 1, 2008. In addition, the Company and its domestic subsidiaries accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as acquisition cost of lease assets measured at the obligations under finance leases at the transition date. There was no effect on profit or loss from this change.

All other leases are accounted for as operating leases.

(n) Bonuses to directors and corporate auditors

Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.

(o) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(p) Foreign Currency Transactions

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statement of income to the extent that they are not hedged by forward exchange contracts.

(q) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of balance sheet date except for equity, which is translated at the historical exchange rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

(r) Derivatives and Hedging Activities

The Group enters into derivative financial instruments ("derivatives"), including foreign exchange forward contracts, currency options, foreign currency swaps and interest rate swaps to hedge foreign exchange risk and interest rate exposures. The Group does not hold or issue derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized principally as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts and currency option contracts employed to hedge foreign exchange exposures for export sales and purchases are measured at fair value and the related unrealized gains or losses are recognized in income. Forward contracts entered into for forecasted transactions are also measured at fair value, but the unrealized gains or losses on qualifying hedges are deferred until the underlying transactions are completed. The foreign currency swaps used to hedge the foreign currency fluctuations of long-term debt denominated in foreign currencies are measured at fair value and the unrealized gains or losses are included in the carrying amounts of the debt. The interest rate swaps which qualify for hedge accounting are measured at market value at the balance sheet date, and the unrealized gains or losses are deferred until maturity. The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements are recognized and included in interest expense or income.

(s) Per Share Information

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(t) New Accounting Pronouncements

Business Combinations—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows;

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

On December 26, 2008, the ASBJ issued ASBJ Statement No.16 (Revised 2008), "Revised Accounting Standard for Equity Method of Accounting for Investments". The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impractible to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material:

1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model of accounting for property, plant, and equipment and investment properties and incorporation of the cost model of accounting; 5) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and 6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

Construction Contracts—Under the current Japanese GAAP, either the completed-contract method or the percentage-of-completion method is permitted to account for construction contracts. In December 2007, the ASBJ issued a new accounting standard for construction contracts. Under this new accounting standard, the construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method shall be applied.

When it is probable that total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for loss on construction contracts. This standard is applicable to construction contracts and software development contracts and effective for fiscal years beginning on or after April 1, 2009 with early adoption permitted for fiscal years beginning on or before March 31, 2009 but after December 27, 2007.

3. INVESTMENT SECURITIES

Investment securities at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Non-Current:			
Equity securities	**¥40,718**	¥65,206	**$414,515**
Debt securities	**0**	0	**3**
Investment in a limited liability investment partnership	**952**	990	**9,691**
Total	**¥41,670**	¥66,196	**$424,209**

The carrying amounts and aggregate fair values of investment securities at March 31, 2009 and 2008 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2009				
Securities classified as:				
Available-for-sale:				
Equity securities	**¥44,707**	**¥3,822**	**¥8,211**	**¥40,318**
Total	**¥44,707**	**¥3,822**	**¥8,211**	**¥40,318**

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2008				
Securities classified as:				
Available-for-sale:				
Equity securities	¥47,763	¥19,092	¥2,066	¥64,789
Total	¥47,763	¥19,092	¥2,066	¥64,789

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2009				
Securities classified as:				
Available-for-sale:				
Equity securities	**$455,127**	**$38,913**	**$83,597**	**$410,443**
Total	**$455,127**	**$38,913**	**$83,597**	**$410,443**

Carrying amounts of available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Available-for-sale:			
Equity securities	**¥ 400**	¥ 418	**$ 4,072**
Investment in a limited liability investment partnership	**952**	990	**9,691**
Total	**¥1,352**	¥1,408	**$13,763**

Proceeds from sales of available-for-sale securities was ¥2,444 million for the fiscal year ended March 31, 2008. Gross realized gains and losses on these sales computed on the moving average cost basis, were ¥1,635 million and ¥94 million, respectively for the fiscal year ended March 31, 2008.

The carrying values of debt securities by contractual maturities for securities classified as available-for-sale at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
	Available for sale	Available for sale	Available for sale
Due in one year or less			
Due after one year through five years	**¥0**	¥0	**$3**
Total	**¥0**	¥0	**$3**

4. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Finished and semi-finished products	**¥114,143**	¥117,082	**$1,162,000**
Work in process	**122,961**	118,303	**1,251,761**
Raw materials and supplies	**28,111**	29,336	**286,175**
Total	**¥265,215**	¥264,721	**$2,699,936**

5. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2009 and recognized an impairment loss of ¥721 million ($7,337 thousand) as other expense for land, building, machinery and equipment in Japan, Asia and Europe. This is because the recoverable amounts of the land and building were lower than the carrying amounts, and the machinery and equipment were not planned for use in the future after production of the relevant products ceased.

6. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Short-term loans, principally from banks:			
2009: 0.95940%–2.60000%			
2008: 1.15250%–1.23083%	**¥15,770**	¥8,500	**$160,541**
Commercial paper:			
2009: 0.19500%–0.54310%	**20,000**		**203,604**
Total	**¥35,770**	¥8,500	**$364,145**

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars 2009
Loans, principally from banks and insurance companies:			
2009: 0.9400%–4.3600% due 2010–2016			
2008: 0.7400%–4.3600% due 2008–2013	**¥27,360**	¥18,535	**$278,528**
Obligations under finance leases	**8,910**		**90,709**
Bonds	**42,900**	49,500	**436,730**
Total	**79,170**	68,035	**805,967**
Less: Current portion	**(13,607)**	(7,822)	**(138,527)**
Long-term debt, less current portion	**¥65,563**	¥60,213	**$667,440**

The following is a summary of the terms of bonds which the Company may at any time purchase in any price in the open market or otherwise acquire. The bonds purchased or otherwise acquired by the Company may be held or resold or, at the discretion of the Company, may be canceled (together with any unmatured coupons).

	Issued in	Maturity	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars 2009
1.7% Yen Unsecured Bonds	December, 2001	December, 2008		¥ 5,000	
1.4% Yen Unsecured Bonds	February, 2003	February, 2010	**¥10,000**	10,000	**$101,802**
Yen Zero Coupon Convertible Bonds	March, 2004	March, 2011	**32,900**	34,500	**334,928**
Total			**¥42,900**	¥49,500	**$436,730**

The aggregate annual maturities of long-term debt for the years following March 31, 2009 are as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	**¥13,607**	**$138,527**
2011	**45,652**	**464,740**
2012	**3,353**	**34,134**
2013	**5,779**	**58,833**
2014	**5,496**	**55,953**
Thereafter	**5,283**	**53,780**
Total	**¥79,170**	**$805,967**

The yen zero coupon convertible bonds were issued with stock acquisition rights to subscribe for shares of common stock of the Company.

The stock acquisition rights are exercisable through March 14, 2011 at ¥2,058 per share. The stock acquisition rights outstanding at March 31, 2009 entitled the holders to subscribe to 15,986,394 shares, which was computed using the above-mentioned exercise price.

At March 31, 2009, the following assets were pledged as collateral for the long-term debt.

	Millions of Yen 2009	Thousands of U.S. Dollars 2009
Investment securities	**¥4,309**	**$43,864**

Liabilities secured by the above assets were as follows:

	Millions of Yen 2009	Thousands of U.S. Dollars 2009
Long-term debt, including current portion	**¥6,540**	**$66,578**

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debts payable to the banks. The Group has never been requested to provide any additional collateral.

7. RETIREMENT AND PENSION PLANS

The Company has a defined benefit corporate pension plan (cash balance plan) and a defined contribution pension plan, and its consolidated domestic subsidiaries have non-contributory funded pension plans. Certain foreign subsidiaries also have contributory pension plans.

The Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. Retirement allowances for officers are recorded to state the liability at the amount that would be required if all officers retired at each balance sheet date.

As stated in 2 (b), the Company adjusted the amortization of actuarial gain or loss of pensions that has been directly recorded in the equity by foreign subsidiaries including the United States, etc., in the consolidation process so that net income is accounted for in accordance with Japanese GAAP.

The liability for employees' retirement benefits at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥108,026**	¥105,542	**$1,099,724**
Fair value of plan assets	**(72,919)**	(93,664)	**(742,326)**
Unrecognized actuarial gain and loss	**(30,575)**	(11,163)	**(311,261)**
Unrecognized prior service cost	**8,794**	11,746	**89,525**
	13,326	12,461	**135,662**
Prepayment of service cost	**696**	563	**7,090**
Net liability	**¥ 14,022**	¥ 13,024	**$ 142,752**

The projected benefit obligation includes retirement allowance for officers of ¥176 million ($1,794 thousand) and ¥171 million at March 31, 2009 and 2008, respectively.

The components of net periodic benefit costs for the fiscal years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥3,569**	¥3,660	**$36,335**
Interest cost	**2,940**	2,871	**29,931**
Expected return on plan assets	**(2,400)**	(2,652)	**(24,427)**
Recognized actuarial loss	**2,718**	1,288	**27,670**
Amortization of prior service cost	**(1,851)**	(1,861)	**(18,853)**
Net periodic retirement benefit costs	**¥4,976**	¥3,306	**$50,656**

In addition to the above, the Company and certain of its overseas subsidiaries charged ¥1,703 million ($17,345 thousand) and ¥1,056 million to income for the fiscal years ended March 31, 2009 and 2008, respectively.

Assumptions used for the fiscal years ended March 31, 2009 and 2008 were principally as set forth below:

	2009	2008
Discount rate	**2.50%**	2.50%
Expected rate of return on plans assets	**2.00%**	2.00%
Recognition period of actuarial gain (loss)	**10 years**	10 years
Amortization period of prior service cost	**10 years**	10 years

8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors of such company may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

9. STOCK OPTION

The stock options outstanding as of March 31, 2009 and 2008 were as follows:

Stock Options	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2001 Stock Options	9 directors 13 officers	99,000 shares	2001.6.28	¥1,321	From June 29, 2003 To June 28, 2011
2003 Stock Options	11 directors 11 officers	203,000 shares	2003.6.27	¥1,048	From June 28, 2005 To June 27, 2013
2004 Stock Options	12 directors 10 officers	210,000 shares	2004.6.29	¥1,225	From June 30, 2006 To June 29, 2014
2005 Stock Options	11 directors 10 officers	178,000 shares	2005.6.29	¥1,273	From June 30, 2007 To June 29, 2015
2007 Stock Options	12 directors 12 officers	99,000 shares	2007.3.14	¥2,902	From February 28, 2009 To February 27, 2017
2007 Stock Options	8 directors 15 officers	26,100 shares	2007.8.27	¥ 1	From August 28, 2007 To August 27, 2037
2008 Stock Options	8 directors 16 officers	117,900 shares	2008.11.25	¥ 1	From November 26, 2008 To November 25, 2038

The stock option activity is as follows:

	(Shares)						
	2001 Stock Options	2003 Stock Options	2004 Stock Options	2005 Stock Options	2007 Stock Options	2007 Stock Options	2008 Stock Options
For the year ended March 31, 2008							
Non-vested							
March 31, 2007—Outstanding				178,000	99,000		
Granted							
Canceled							
Vested				178,000			
March 31, 2008—Outstanding					99,000		
Vested							
March 31, 2007—Outstanding	69,000	141,000	193,000				
Vested				178,000		26,100	
Exercised	10,000	63,000	29,000	21,000			
Canceled							
March 31, 2008—Outstanding	59,000	78,000	164,000	157,000		26,100	
Exercise price	¥ 1,321	¥ 1,048	¥ 1,225	¥ 1,273	¥ 2,902	¥ 1	
Average stock price at exercise	¥ 3,550	¥ 3,458	¥ 3,107	¥ 3,130			
Fair value price at grant date					¥ 840	¥ 3,259	
For the year ended March 31, 2009							
Non-vested							
March 31, 2008—Outstanding					99,000		117,900
Granted							
Canceled							
Vested					99,000		117,900
March 31, 2009—Outstanding							
Vested							
March 31, 2008—Outstanding	59,000	78,000	164,000	157,000		26,100	
Vested					99,000		117,900
Exercised	5,000	19,000	13,000	9,000			
Canceled							
March 31, 2009—Outstanding	54,000	59,000	151,000	148,000	99,000	26,100	117,900
Exercise price	¥ 1,321	¥ 1,048	¥ 1,225	¥ 1,273	¥ 2,902	¥ 1	¥ 1
Average stock price at exercise	¥ 3,139	¥ 3,145	¥ 3,157	¥ 3,191			
Fair value price at grant date					¥ 840	¥ 3,259	¥ 734

The assumptions used to measure the fair value of 2008 Stock Options which were granted on November 25, 2008.

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	43.022%
Estimate remaining outstanding period:	fifteen years
Estimate dividend:	¥25.00 per share
Interest rate with risk free:	1.908%

10. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2009 and 2008 principally consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Advertising expenses	**¥74,891**	¥75,275	**$762,408**
Provision for doubtful receivables	**4,868**	749	**49,564**
Provision of warranty costs	**5,833**	6,545	**59,384**
Employees' salaries	**32,483**	34,152	**330,682**
Net periodic retirement benefit cost	**3,354**	3,015	**34,143**
Employees' bonuses and others	**14,851**	17,689	**151,185**
Research and development costs	**61,489**	58,373	**625,971**

11. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the fiscal years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and loss carry-forwards which result in deferred tax assets and liabilities at March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Write-down of inventories	**¥24,869**	¥23,164	**$253,175**
Warranty reserve	**1,961**	3,009	**19,966**
Liability for employees' retirement benefits	**8,128**	6,769	**82,749**
Depreciation and amortization	**17,592**	15,028	**179,087**
Unrealized gain on available-for-sale securities	**2,512**		**25,576**
Accrued bonus	**2,801**	5,008	**28,517**
Other	**7,529**	10,851	**76,632**
Total	**¥65,392**	¥63,829	**$665,702**
Deferred tax liabilities:			
Deferred gains on sales of property to be replaced	**¥ 4,315**	¥ 4,924	**$ 43,932**
Unrealized gain on available-for-sale securities		5,693	
Undistributed earnings of foreign subsidiaries	**3,858**	8,258	**39,273**
Other	**1,254**	733	**12,765**
Total	**9,427**	19,608	**95,970**
Net deferred tax assets	**¥55,965**	¥44,221	**$569,732**

A valuation allowance of ¥3,085 million ($31,405 thousand) in 2009 and ¥2,613 million in 2008 were deducted from the amounts calculated above, respectively.

A reconciliation between the normal effective statutory tax rate for the fiscal years ended March 31, 2009 and 2008, and the actual effective tax rates reflected in the consolidated statements of income is as follows:

	Year ended March 31,	
	2009	2008
Normal statutory tax rate	**40.6%**	40.6%
Tax credit for research and development costs	**(4.0)**	(2.7)
Tax difference of consolidated subsidiaries	**(6.0)**	(3.3)
Dividends from foreign subsidiaries not applicable to foreign tax credits	**9.1**	
Increase in valuation allowance	**3.5**	
Tax effect on retained earnings for foreign subsidiaries	**(11.2)**	1.7
Tax benefits for a foreign manufacturing subsidiary	**(4.4)**	(1.3)
Other-net	**0.8**	0.3
Actual effective tax rate	**28.4%**	35.3%

12. RESEARCH AND DEVELOPMENT COST

Research and development costs incurred were ¥61,489 million ($625,971 thousand) and ¥58,373 million for the fiscal years ended March 31, 2009 and 2008, respectively.

13. LEASES

The Group leases mainly certain machinery and equipment for manufacturing.

The minimum rental commitments under noncancellable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥2,258**	¥3,139	**$22,987**
Due after one year	**2,454**	4,183	**24,978**
Total	**¥4,712**	¥7,322	**$47,965**

Pro forma information for the year ended March 31, 2008 of leased property such as acquisition cost, accumulated depreciation, accumulated impairment loss, obligations under finance leases, depreciation expense, interest expense and other information of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen		
	2008		
	Machinery and Equipment	Furniture and Fixtures	Total
Acquisition cost	¥8,171	¥7,076	¥15,247
Accumulated depreciation	3,602	3,032	6,634
Net leased property	¥4,569	¥4,044	¥ 8,613

Obligations under finance leases at March 31, 2008:

	Millions of Yen
	2008
Due within one year	¥2,870
Due after one year	5,743
Total	¥8,613

The amount of obligations under finance leases includes the imputed interest expense portion.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method, was ¥2,912 million for the fiscal year ended March 31, 2008.

14. DERIVATIVES

The Group enters into derivative contracts, including foreign exchange forward contracts, currency option contracts, foreign currency swap contracts and interest rate swap contracts to hedge foreign exchange risk and interest rate exposures. The Group does not hold or issue derivatives for trading purposes. Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including changes in interest or foreign exchange rates. Credit risk is the possibility that a loss may result from a counterparty's failure to perform according to the terms and conditions of the contract.

Because the counterparties to the Group's derivative contracts are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies that regulate the authorization and credit limit amount.

Derivatives contracts outstanding at March 31, 2009 and 2008 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2009			2009		
	Contract or Notional Amount	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amount	Fair Value	Net Unrealized Gain (Loss)
Forward Exchange Contracts:						
Selling USD	**¥34,772**	**¥35,135**	**¥(363)**	**$353,990**	**$357,683**	**$(3,693)**
Selling EUR	**24,062**	**24,510**	**(448)**	**244,952**	**249,513**	**(4,561)**
Selling Other	**3,739**	**3,677**	**62**	**38,064**	**37,438**	**626**
Buying JPY	**2,217**	**2,071**	**(146)**	**22,574**	**21,085**	**(1,489)**
Buying USD	**3,132**	**3,138**	**6**	**31,886**	**31,950**	**64**
Buying Other	**314**	**304**	**(10)**	**3,192**	**3,093**	**(99)**
Total			**¥(899)**			**$(9,152)**

	Millions of Yen		
	2008		
	Contract or Notional Amount	Fair Value	Net Unrealized Gain (Loss)
Forward Exchange Contracts:			
Selling USD	¥43,403	¥41,067	¥2,336
Selling EUR	20,610	20,480	130
Buying JPY	4,275	4,285	10
Buying USD	5,889	5,855	(34)
Total			¥2,442

Derivatives which qualified for hedge accounting and the related amounts are included with the associated assets and liabilities, and were excluded from disclosure of market value information in the preceding table.

15. CONTINGENT LIABILITIES

Contingent liabilities at March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
As the guarantor of bank loans and indebtedness, principally of employees, unconsolidated subsidiaries and associated companies	**¥2,486**	**$25,305**
Total	**¥2,486**	**$25,305**

16. NET INCOME PER SHARE

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen	Thousands of shares	Yen	U.S. Dollars
	Net Income	Weighted Average Shares	EPS	
For the year ended March 31, 2009:				
Basic EPS				
Net income available to common shareholders	**¥28,056**	**396,520**	**¥70.76**	**$0.72**
Effect of Dilutive Securities				
Warrants (Stock Option)		**258**		
Convertible bonds		**16,361**		
Diluted EPS				
Net income for computation	**¥28,056**	**413,139**	**¥67.91**	**$0.69**
For the year ended March 31, 2008:				
Basic EPS				
Net income available to common shareholders	¥75,484	399,378	¥189.00	
Effect of Dilutive Securities				
Warrants (Stock Option)		371		
Convertible bonds		16,764		
Diluted EPS				
Net income for computation	¥75,484	416,513	¥181.23	

17. BUSINESS SPIN-OFF

On April 2, 2007, Tochigi Nikon Precision Co., Ltd., a wholly owned consolidated subsidiary, was spun off from Tochigi Nikon Corporation, a wholly owned consolidated subsidiary. The new subsidiary was established to promote the Nikon Group's in-house company system firmly, respond to market changes quickly and strengthen competitiveness and profitability. The precision equipment business of Tochigi Nikon Corporation was transferred to Tochigi Nikon Precision Co., Ltd.

After this spin-off, Tochigi Nikon Precision Co., Ltd. belongs to the Precision Equipment Company and Tochigi Nikon Corporation belongs to the Imaging Company.

As this spin-off was a transaction under common control, all intercompany transactions were eliminated and there was no accounting effect of this transaction on the consolidated financial statements for the year ended March 31, 2008.

On April 1, 2008, Sendai Nikon Precision Co., Ltd., a wholly owned consolidated subsidiary, was spun off from Sendai Nikon Corporation, a wholly owned consolidated subsidiary. The new subsidiary was established to promote the Nikon Group's in-house company system firmly, respond to market changes more quickly and strengthen competitiveness and profitability. The precision equipment business of Sendai Nikon Corporation was transferred to Sendai Nikon Precision Co., Ltd.

After this spin-off, Sendai Nikon Precision Co., Ltd. belongs to the Precision Equipment Company and Sendai Nikon Corporation belongs to the Imaging Company.

As this spin-off was a transaction under common control, all intercompany transactions were eliminated and there was no accounting effect of this transaction on the consolidated financial statements for the year ended March 31, 2009.

18. SUBSEQUENT EVENTS

(a) Reorganization of Business Locations And Structural Reform of Nikon's Precision Equipment Company

Nikon Corporation will implement global business locations reorganization and structural reform to enhance profit and competitiveness of their Precision Equipment Company.

Nikon has been implementing, from the beginning of the last year, various measures such as business expense reduction, capital expenditure revision with anticipation of deteriorating management environment.

The Precision Equipment Company, with IC/LCD Steppers and Scanners businesses, is facing further severe business conditions amid abrupt and sharp economic decline since the latter half of the last year. To cope with this environment, it has endeavored to improve product competitiveness, adjust production, adjust workforce to an appropriate level, reduce business expense, and lower fixed cost.

However, judging that further enhancement of business structure is indispensable under the expected market condition of both businesses, Nikon has decided to implement drastic measures for fixed cost reduction in every business step of production, marketing and servicing.

1. Reorganization of Japanese Production Locations

< Background and Outline >

Production subsidiaries in Japan are currently manufacturing Steppers and Scanners as well as related devices. We have concluded that it is difficult to maintain the current production system by 4 subsidiaries based on our analysis of both IC and LCD market deterioration and study of expected market fluctuation. The currently operating 4 production subsidiaries in Japan will be integrated into 2 subsidiaries. With this integration, Nikon will adjust the workforce of Nikon's Kumagaya plant to an appropriate level.

The 4 subsidiaries are Tochigi Nikon Precision Co., Ltd., Mito Nikon Precision Corporation, Sendai Nikon Precision Corporation and Zao Nikon Co., Ltd. They will be merged to Tochigi Nikon Precision Co., Ltd. and Zao Nikon Co., Ltd. via corporate split and merger as of October 1, 2009. Details of the new companies will be decided later.

Our current production system in Japan consists of our own 2 production plants and these 4 production subsidiaries. After the reorganization of these 4 subsidiaries, Nikon's Kumagaya Plant and Tochigi Nikon Precision Co., Ltd. will be in charge of production for IC Steppers and Scanners, and Nikon's Yokohama Plant, its Yokosuka Branch and Zao Nikon Co., Ltd. will be in charge of production for LCD Steppers and Scanners.

2. Structural Reform of Marketing and Servicing in the US and Europe

< Background and Outline >

Nikon Precision Inc. and Nikon Precision Europe GmbH have been in charge of marketing and servicing as representative subsidiaries in the North America and Europe. Their marketing and servicing operation will be unified and streamlined as much as possible for structural reform of the Precision Equipment Company and offering better and more efficient support to the customers who have business bases in these two regions.

3. Structural Reform of Servicing in Japan and Asia

< Background and Outline >

Nikon Corporation is directly operating sales in Japan and Asian region, and its subsidiaries are offering maintenance and servicing in each country/territory. These subsidiaries will be streamlined in accordance with their actual business for more efficient business operation. As a part of this reform, the Singaporean subsidiary will be downsized and transfer a part of their business to the Taiwanese subsidiary.

With these reorganization and reform, we are planning to curtail fixed cost of approximately ¥8 billion with about 800 out of 2,900 of Japanese manufacturing workforce reduction and about 200 out of 1,700 overseas of marketing and servicing, domestic servicing workforce reduction. Nikon is estimating a special loss of ¥4 billion or more for the above measures in the fiscal year ending March 31, 2010.

(b) Announcement of a Tender Offer in Belgium

The Board of Directors of Nikon, at its meeting held on June 3, 2009, made the decision to acquire all outstanding shares and warrants of Metris NV, a Belgian company manufacturing measurement equipment (with its headquarters in Leuven, the Kingdom of Belgium, listed on the NYSE (Euronext Brussels Stock Exchange) ("Metris") in a public cash tender offer ("Tender Offer").

Please note that this Tender Offer does not correspond to Tender Offers as stipulated in Article 27, Section 2-1 of Japan's Financial Instruments and Exchange Law.

1. Objective of the Tender Offer

Acquiring Strong Technological Capabilities

Metris has original as well as advanced technology and products in the market for non-contact, three-dimensional measurement systems. Nikon, on the other hand, has established a strong position as a manufacturer of precision measuring equipment, drawing on its core technologies in optics, precision machinery, and image processing. By combining the technologies of both companies and pursuing product development, the Nikon Group will be able to enhance its superior technological positions.

Synergies in Product Lineup and Geographic Complementarity

Metris has shown high rates of growth since its establishment in 1998 by drawing on its high-level technological capabilities as a competitive strength in the field of middle and large-scale measuring equipment, principally a high quality, stable consumer base, mainly in the automobile and aircraft industries. On the other hand, Nikon has a high market share in the high-precision measuring equipment field, focused mainly on electronic components and certain other areas. By combining the products handled by both companies, it will be possible not only to significantly strengthen the product lineup of the Nikon Group, but also strengthen the customer base.

In addition, the sales channels of Metris, covering markets around the world, with special strengths in the European and North American markets, will be complementary with those of Nikon, principally in Japan and the rest of Asia. The integration of Metris into the Nikon Group will strengthen Nikon's sales channels in the European and U.S. markets and create sales opportunities for Metris products in the Japanese and other Asian markets, thus making it possible to expand the earnings bases of both companies.

2. Outline of the Tender Offer

Outline of Company Being Acquired

1. Company name	Metris NV
2. Lines of business	Manufacturing and sale of equipment and related software for three-dimensional measuring systems
3. Date of incorporation	1998/6/5
4. Registered address	Geldenaaksebaan 329, 3001, Leuven, Belgium
5. Representative	Bart Van Coppenolle, Chief Executive Officer
6. Paid-in capital	€46,063,351.53 (As of December 31, 2008)
7. Stock listings	NYSE Euronext Brussels

8. Total shares — Shares issued and outstanding 12,605,723. Warrants granted and outstanding giving the right to subscribe to 2,117,144 new shares (As of May 31, 2009).
9. Number of employees — 544 (As of December 31, 2008)
10. Trends in performance

	Unit: €1,000	
	Year ended December 31, 2007	Year ended December 31, 2008
Consolidated net sales	92,842	88,717
Consolidated net income	6,967	(14,032)
Consolidated total assets	202,065	221,062
Consolidated net assets	100,798	82,063

Period of the Tender Offer: A period of 4 weeks is scheduled for the Tender Offer, following approval of the Tender Offer Prospectus from the Belgian Banking, Finance and Insurance Commission.
Price to Be Offered: €5.5
Basis for the Assessment of the Tender Offer Price: The scheduled Tender Offer price of €5.5 per share corresponds to the average price of Metris shares on the NYSE Euronext Brussels Stock Exchange for the one month period ending on May 26, 2009, plus a premium of approximately 147.5%.
Amount Required for the Tender Offer: €72 million
Note: In the event that 100% of the shares of Metris can be purchased as a result of this Tender Offer
Number of Shares Scheduled to Be Acquired: Shares issued and outstanding: 12,605,723. Warrants granted and outstanding giving the right to subscribe to: 2,117,144 new shares (As of May 31, 2009)
Change in Ownership Percentage as a Result of the Tender Offer: 100% ownership by the acquirer
Note: Assuming Nikon can purchase 100% of the shares of Metris through the public Tender Offer.
Date of the Announcement of the Tender Offer: June 3, 2009
Existence of an Agreement with the Company to Be Acquired Related to the Tender Offer: Yes, a support agreement exists. Bart Van Coppenolle, Chief Executive Officer of Metris, and the Board of Directors of Metris, have expressed their support for the Tender Offer.
Others: Please note that, accompanying this Tender Offer, 5 shareholders representing approximately 20% of the shares of Metris have made firm commitments to tender their shares.

(c) Issuance of Unsecured Straight Bonds

The Company issued its 16th and 17th Unsecured Straight Bonds.

1. 16th Unsecured Straight Bonds

(1) Amount of Issue:	10 billion yen
(2) Denomination of each bond:	100 million yen
(3) Book-entry bonds:	The provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. shall apply to the Bonds.
(4) Interest Rate:	1.30% per annum
(5) Issue Price:	100 yen per face value of 100 yen
(6) Redemption Price:	100% of the principal amount
(7) Maturity Date:	June 23, 2014
(8) Interest Payment dates:	June 23 and December 23 each year
(9) Offering Period:	June 16, 2009
(10) Payment Date:	June 23, 2009
(11) Security or Guarantee:	No security or guarantee is pledged and no assets are specifically reserved to secure these Bonds.
(12) Covenants:	Negative pledge clause
(13) Lead Managing Underwriters:	Nikko Citigroup Limited and Mitsubishi UFJ Securities Co., Ltd.
(14) Fiscal, Issue and Payment Agent:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15) Book-entry transfer Institution:	Japan Securities Depository Center, Inc.
(16) Rating:	A+ (Japan Credit Rating Agency, Ltd.)

2. 17th Unsecured Straight Bonds

(1) Amount of Issue:	10 billion yen
(2) Denomination of each bond:	100 million yen
(3) Book-entry bonds:	The provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. shall apply to the Bonds.
(4) Interest Rate:	1.65% per annum
(5) Issue Price:	100 yen per face value of 100 yen
(6) Redemption Price:	100% of the principal amount
(7) Maturity Date:	June 23, 2016
(8) Interest Payment dates:	June 23 and December 23 each year
(9) Offering Period:	June 16, 2009
(10) Payment Date:	June 23, 2009
(11) Security or Guarantee:	No security or guarantee is pledged and no assets are specifically reserved to secure these Bonds.
(12) Covenants:	Negative pledge clause
(13) Lead Managing Underwriters:	Mitsubishi UFJ Securities Co., Ltd. and Nikko Citigroup Limited.
(14) Fiscal, Issue and Payment Agent:	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(15) Book-entry transfer Institution:	Japan Securities Depository Center, Inc.
(16) Rating:	A+ (Japan Credit Rating Agency, Ltd.)

19. SEGMENT INFORMATION

Information about industry segments, geographic segments and sales to foreign customers of the Group for the fiscal years ended March 31, 2009 and 2008, was as follows:

(a) Industry Segments

	Millions of Yen						
	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2009							
Net sales							
Outside customers	**¥219,915**	**¥596,468**	**¥44,643**	**¥18,693**	**¥879,719**		**¥879,719**
Intersegment sales/transfer	**1,460**	**945**	**1,773**	**31,707**	**35,885**	**¥(35,885)**	
Total	**221,375**	**597,413**	**46,416**	**50,400**	**915,604**	**(35,885)**	**879,719**
Operating expenses	**213,334**	**557,374**	**49,140**	**47,524**	**867,372**	**(35,838)**	**831,534**
Operating income (loss)	**¥ 8,041**	**¥ 40,039**	**¥ (2,724)**	**¥ 2,876**	**¥ 48,232**	**¥ (47)**	**¥ 48,185**
Assets	**¥270,694**	**¥193,902**	**¥31,341**	**¥73,707**	**¥569,644**	**¥180,161**	**¥749,805**
Depreciation and amortization	**11,992**	**12,248**	**1,482**	**7,188**	**32,910**		**32,910**
Capital expenditures	**16,622**	**18,255**	**1,640**	**6,950**	**43,467**		**43,467**

	Millions of Yen						
	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2008							
Net sales							
Outside customers	¥290,814	¥586,147	¥59,043	¥19,788	¥955,792		¥955,792
Intersegment sales/transfer	1,077	1,964	2,198	36,634	41,873	¥(41,873)	
Total	291,891	588,111	61,241	56,422	997,665	(41,873)	955,792
Operating expenses	248,543	504,137	57,160	52,786	862,626	(42,003)	820,623
Operating income	¥43,348	¥83,974	¥ 4,081	¥ 3,636	¥135,039	¥ 130	¥135,169
Assets	¥270,070	¥229,879	¥38,965	¥60,762	¥599,676	¥220,946	¥820,622
Depreciation and amortization	8,643	10,133	1,328	5,575	25,678		25,678
Capital expenditures	9,867	24,470	1,707	3,785	39,829		39,829

	Thousands of U.S. Dollars						
	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2009							
Net sales							
Outside customers	**$2,238,779**	**$6,072,159**	**$454,469**	**$190,300**	**$8,955,707**		**$8,955,707**
Intersegment sales/transfer	**14,863**	**9,624**	**18,047**	**322,781**	**365,315**	**$ (365,315)**	
Total	**2,253,642**	**6,081,783**	**472,516**	**513,081**	**9,321,022**	**(365,315)**	**8,955,707**
Operating expenses	**2,171,782**	**5,674,176**	**500,244**	**483,807**	**8,830,009**	**(364,832)**	**8,465,177**
Operating income (loss)	**$ 81,860**	**$ 407,607**	**$ (27,728)**	**$ 29,274**	**$ 491,013**	**$ (483)**	**$ 490,530**
Assets	**$2,755,721**	**$1,973,960**	**$319,060**	**$750,345**	**$5,799,086**	**$1,834,073**	**$7,633,159**
Depreciation and amortization	**122,080**	**124,687**	**15,088**	**73,175**	**335,030**		**335,030**
Capital expenditures	**169,211**	**185,840**	**16,695**	**70,760**	**442,506**		**442,506**

Major products of each Industry:

Precision Equipment:	IC steppers and scanners, LCD steppers and scanners
Imaging Products:	Digital cameras, Film cameras, Interchangeable lenses
Instruments:	Microscopes, Measuring instruments, Inspection equipment
Other :	LCD Photomask Substrates, Sport optics products

Notes: 1. Amortization of Goodwill is included in "Depreciation and amortization" for the years ended March 31, 2009 and 2008.
2. Prior to April 1, 2008, inventories of the Company and its domestic subsidiaries were stated at cost, determined principally using the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard was effective for fiscal years beginning on or after April 1, 2008.
The Company and its domestic subsidiaries applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income of the Precision Equipment segment by ¥9,363 million ($95,319 thousand), the Imaging Products segment by ¥613 million ($6,237 thousand), the Instruments segment by ¥665 million ($6,765 thousand) and the Other segment by ¥420 million ($4,271 thousand), respectively.
In addition, loss on disposals of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales.
As a result, the effect of this change was to decrease operating income of the Precision Equipment segment by ¥1,851 million ($18,840 thousand), the Imaging Products segment by ¥882 million ($8,978 thousand), the Instruments segment by ¥459 million ($4,674 thousand) and the Other segment by ¥1,235 million ($12,574 thousand), respectively.
3. As discussed in Note 2 (b), effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The effect of this change was to increase operating income of the Precision Equipment segment by ¥5,866 million ($59,718 thousand), the Instruments segment by ¥168 million ($1,715 thousand), the Other segment by ¥2 million ($14 thousand), and decrease operating income of the Imaging Products segment by ¥7 million ($75 thousand).

(b) Geographic Segments

	Millions of Yen						
	Japan	North America	Europe	Asia/Oceania	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2009							
Net sales							
Outside customers	**¥259,844**	**¥272,457**	**¥219,119**	**¥128,299**	**¥ 879,719**		**¥879,719**
Intersegment sales	**463,696**	**2,200**	**221**	**141,038**	**607,155**	**¥(607,155)**	
Total	**723,540**	**274,657**	**219,340**	**269,337**	**1,486,874**	**(607,155)**	**879,719**
Operating expenses	**703,368**	**271,732**	**213,174**	**257,373**	**1,445,647**	**(614,113)**	**831,534**
Operating income	**¥ 20,172**	**¥ 2,925**	**¥ 6,166**	**¥ 11,964**	**¥ 41,227**	**¥ 6,958**	**¥ 48,185**
Assets	**¥517,782**	**¥ 79,538**	**¥ 41,915**	**¥ 54,078**	**¥ 693,313**	**¥ 56,492**	**¥749,805**

	Millions of Yen						
	Japan	North America	Europe	Asia/Oceania	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2008							
Net sales							
Outside customers	¥379,990	¥240,591	¥214,215	¥120,996	¥ 955,792		¥955,792
Intersegment sales	436,719	2,147	232	166,116	605,214	¥(605,214)	
Total	816,709	242,738	214,447	287,112	1,561,006	(605,214)	955,792
Operating expenses	712,671	230,420	206,849	271,311	1,421,251	(600,628)	820,623
Operating income	¥104,038	¥ 12,318	¥ 7,598	¥ 15,801	¥ 139,755	¥ (4,586)	¥135,169
Assets	¥543,974	¥ 71,553	¥ 54,056	¥ 71,828	¥ 741,411	¥ 79,211	¥820,622

	Thousands of U.S. Dollars						
	Japan	North America	Europe	Asia/Oceania	Total	(Eliminations) or Corporate	Consolidated
For the year ended March 31, 2009							
Net sales							
Outside customers	**$2,645,258**	**$2,773,665**	**$2,230,675**	**$1,306,109**	**$ 8,955,707**		**$8,955,707**
Intersegment sales	**4,720,512**	**22,399**	**2,254**	**1,435,791**	**6,180,956**	**$(6,180,956)**	
Total	**7,365,770**	**2,796,064**	**2,232,929**	**2,741,900**	**15,136,663**	**(6,180,956)**	**8,955,707**
Operating expenses	**7,160,419**	**2,766,284**	**2,170,157**	**2,620,103**	**14,716,963**	**(6,251,786)**	**8,465,177**
Operating income	**$ 205,351**	**$ 29,780**	**$ 62,772**	**$ 121,797**	**$ 419,700**	**$ 70,830**	**$ 490,530**
Assets	**$5,271,120**	**$ 809,709**	**$ 426,708**	**$ 550,523**	**$ 7,058,060**	**$ 575,099**	**$7,633,159**

North America .... U.S.A., Canada
Europe .... The Netherlands, Germany, United Kingdom, etc.
Asia/Oceania .... China, South Korea, Taiwan, Thailand, Australia, etc.

Notes: 1. Prior to April 1, 2008, inventories of the Company and its domestic subsidiaries were stated at cost, determined principally using the average method. In July 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories". This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard was effective for fiscal years beginning on or after April 1, 2008.

The Company and its domestic subsidiaries applied this new accounting standard for measurement of inventories effective April 1, 2008. The effect of this change was to decrease operating income of Japan by ¥11,060 million ($112,592 thousand).

In addition, loss on disposals of inventory and write-down of inventory, which were previously included in non-operating expenses, is included in cost of sales. The effect of this change was to decrease operating income of Japan by ¥4,230 million ($43,066 thousand), Asia/Oceania by ¥346 million ($3,518 thousand), and increase operating income of Europe by ¥149 million ($1,518 thousand) respectively.

2. As discussed in Note 2 (b), effective April 1, 2008, the Company applied PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements". The effect of this change was to increase operating income of North America by ¥6,044 million ($61,532 thousand), Asia/Oceania by ¥92 million ($934 thousand), and decrease operating income of Europe by ¥107 million ($1,094 thousand).

(c) Export Sales

For the years ended March 31, 2009 and 2008

	Millions of Yen, %				Thousands of U.S. Dollars
	2009	(A)/(B)	2008	(A)/(B)	**2009**
Export sales (A)					
North America	**¥261,369**	**29.7%**	¥229,827	24.1%	**$2,660,783**
Europe	**208,958**	**23.7**	208,916	21.9	**2,127,228**
Asia/Oceania	**232,034**	**26.4**	244,737	25.5	**2,362,152**
Other Area	**13,677**	**1.6**	13,318	1.4	**139,237**
Total	**¥716,038**	**81.4%**	¥696,798	72.9%	**$7,289,400**
Net sales (B)	**¥879,719**		¥955,792		**$8,955,707**

North America .... U.S.A., Canada
Europe .... The Netherlands, Germany, United Kingdom, etc.
Asia/Oceania .... China, South Korea, Taiwan, Singapore, Australia, etc.
Other Area .... Middle & South America, Africa, etc.

Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NIKON CORPORATION:

We have audited the accompanying consolidated balance sheets of NIKON CORPORATION (the "Company") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of NIKON CORPORATION and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2(b) to the consolidated financial statements, the Company adopted ASBJ Practical Issues Task Force No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements" as of April 1, 2008.

As discussed in Note 2(f) to the consolidated financial statements, the Company and its domestic subsidiaries changed their method of accounting for inventories as of April 1, 2008.

As discussed in Note 18 to the consolidated financial statements, the Company resolved to implement global business locations reorganization and structural reform to enhance profit and competitiveness of their Precision Equipment Company.

As discussed in Note 18 to the consolidated financial statements, the Board of Directors of the Company, at its meeting held on June 3, 2009, made the decision to acquire all outstanding shares and warrants of Metris NV, a Belgian listed company manufacturing measurement equipment, in a public cash tender offer.

As discussed in Note 18 to the consolidated financial statements, the Company issued its 16th and 17th Unsecured Straight Bonds on June 23, 2009.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 26, 2009

Organization of the Nikon Group

As of June 26, 2009

- General Shareholders' Meeting
- Board of Directors
  - Corporate Auditors / Board of Corporate Auditors
- Representative Director, President, CEO and COO
  - Executive Committee
  - Internal Audit Department
- Corporate Planning Department
- Financing & Accounting Department
- Corporate Communications & IR Department
- Affiliates Administration Department — 1
- Business Development Headquarters — Activities related to investigation and development of new business
- Information System Headquarters — 2
- Intellectual Property Headquarters — Protection of intellectual property
- Business Administration Center — 3 — Activities related to general affairs, legal affairs, human resources, etc.
- Core Technology Center — Development of basic technology common to the Nikon Group and manufacturing technology
  - Research & Development Headquarters
  - Production Technology Headquarters
- Precision Equipment Company — 4 — Development, manufacture and sales of IC and LCD steppers and scanners
  - Sales Headquarters
  - Development Headquarters
  - Production Headquarters
  - LCD Equipment Division
- Imaging Company — 5 — Development, manufacture and sales of digital cameras, film cameras, interchangeable lenses, speedlights, film scanners, photographic accessories and softwear
  - Marketing Headquarters
  - Development Headquarters
  - Production Headquarters
- Instruments Company — 6 — Development, manufacture and sales of biological microscopes, industrial microscopes, stereoscopic microscopes, measuring instruments and semiconductor inspection equipment
- Customized Products Division — Development, manufacture and sales of customized optical equipment, space-related equipment, astronomical-related equipment and optical components
- Glass Division — Glass business founded on glass materials technologies

Nikon Group Companies (★ Consolidated as of March 31, 2009)

MAJOR DOMESTIC COMPANIES

As of March 31, 2009

	Name		Business
1	Hikari Glass Co., Ltd.	★	Manufacture and sales of optical glass and molded optical glass
	Nikon Optical Shop Co., Ltd.		Retail sales of ophthalmic frames and lenses
	Nikon Vision Co., Ltd.	★	Development, manufacture, sales and servicing of sport optics products
	Nikon Engineering Co., Ltd.	★	Design, manufacture, and sales of microprocessing systems and customized microscopes
	Nikon-Essilor Co., Ltd.[1]		Development, manufacture, sales and servicing of ophthalmic lenses
	Nikon-Trimble Co., Ltd.[1]		Development, manufacture, sales and servicing of surveying instruments
2	Nikon Systems Inc.	★	Development and support of computer software
3	Nikon Business Service Co., Ltd.	★	Employee welfare activities, procurement, logistics, and activities related to intellectual property
	Nikon Tsubasa Inc.		Processing, assembly and packing of parts for optical instruments
4	Mito Nikon Precision Corporation	★	Manufacture of devices for IC/LCD steppers and scanners
	Zao Nikon Co., Ltd.	★	Manufacture of devices for IC/LCD steppers and scanners
	Tochigi Nikon Precision Co., Ltd.	★	Manufacture of IC steppers and scanners, and lenses for IC/LCD steppers and scanners
	Sendai Nikon Precision Corporation	★	Manufacture of devices for IC/LCD steppers and scanners
	Nikon Tec Corporation	★	Maintenance and servicing of IC/LCD steppers and scanners, sales of used steppers and scanners
5	Tochigi Nikon Corporation	★	Manufacture of interchangeable lenses and optical lenses
	Sendai Nikon Corporation	★	Manufacture of cameras
	Nikon Imaging Japan Inc.	★	Sales and servicing of cameras
6	Kurobane Nikon Co., Ltd.	★	Manufacture of objective lenses for microscopes/measuring instruments/semiconductor inspection equipment, and optical components
	Nikon Instech Co., Ltd.	★	Sales, maintenance and servicing of microscopes, measuring instruments and semiconductor inspection equipment

Note: 1. Nikon-Trimble Co., Ltd. and Nikon-Essilor Co., Ltd. are equity-method companies.

MAJOR OVERSEAS COMPANIES

As of March 31, 2009

	Name		Business
1	Nikon Americas Inc.	★	Centralized supply, administration and management of funds of affiliates in the U.S.
	Nikon Holdings Europe B.V.	★	Centralized supply, administration and management of funds of affiliates in Europe
4	Nikon Precision Inc.	★	Import, sales, maintenance and servicing of IC steppers and scanners
	Nikon Research Corporation of America	★	R&D for IC-related equipment
	Nikon Precision Europe GmbH	★	Import, sales, maintenance and servicing of IC steppers and scanners
	Nikon Precision Korea Ltd.	★	Maintenance and servicing of IC/LCD steppers and scanners
	Nikon Precision Taiwan Ltd.	★	Maintenance and servicing of IC/LCD steppers and scanners
	Nikon Precision Singapore Pte Ltd	★	Maintenance and servicing of IC/LCD steppers and scanners
	Nikon Precision Shanghai Co., Ltd.	★	Maintenance and servicing of IC/LCD steppers and scanners
5	Nikon Inc.	★	Import, sales and servicing of cameras
	Nikon Canada Inc.	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon Europe B.V.	★	Import, sales and servicing of cameras
	Nikon AG	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon GmbH	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon U.K. Ltd.	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon France S.A.S.	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon Nordic AB	★	Import, sales and servicing of cameras
	Nikon Kft.	★	Import, sales and servicing of cameras
	Nikon s.r.o.	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon Polska Sp.z o.o.	★	Import, sales and servicing of cameras
	Nikon (Russia) LLC.		Import, sales and servicing of cameras
	Nikon Hong Kong Ltd.	★	Import, sales and servicing of cameras
	Nikon Singapore Pte Ltd	★	Import, sales and servicing of cameras, microscopes, and measuring instruments
	Nikon (Malaysia) Sdn. Bhd.	★	Support for sales and servicing of cameras, microscopes, and measuring instruments
	Nikon Imaging (China) Sales Co., Ltd.	★	Import, sales and servicing of cameras
	Nikon Australia Pty Ltd	★	Import, sales and servicing of cameras
	Nikon India Private Limited		Import, sales and servicing of cameras, and maintenance and servicing of measuring instruments
	Nikon Imaging Korea Co., Ltd.	★	Import, sales and servicing of cameras
	Nikon (Thailand) Co., Ltd.	★	Manufacture of digital cameras, interchangeable lenses, and digital camera components
	Nikon Imaging (China) Co., Ltd.	★	Manufacture of digital cameras and digital camera components
	Nikon International Trading (Shenzhen) Co., Ltd.		Procurement of parts for digital cameras
	Guang Dong Nikon Camera Co., Ltd.		Manufacture of digital camera components
	Hang Zhou Nikon Camera Co., Ltd.		Manufacture of digital camera components
6	Nikon Instruments Inc.	★	Import, sales, maintenance and servicing of microscopes, measuring instruments, and semiconductor inspection equipment
	Nikon Instruments Europe B.V.	★	Import, sales, maintenance and servicing of microscopes and measuring instruments
	Nikon Instruments S.p.A.	★	Import, sales, maintenance and servicing of microscopes and measuring instruments
	Nikon Instruments (Shanghai) Co., Ltd.		Marketing, maintenance and servicing of microscopes, measuring instruments
	Nikon Instruments Korea Co., Ltd.		Sales, maintenance and servicing of microscopes and measuring instruments
	Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.		Manufacture of microscopes and objective lenses for microscopes

Directors, Auditors and Officers

As of June 26, 2009

Board of Directors

Michio Kariya
Representative Director, President,
Member of the Board

Ichiro Terato
Representative Director, Member of the Board

Makoto Kimura
Representative Director, Member of the Board

Kyoichi Suwa
Director, Member of the Board

Kazuo Ushida
Director, Member of the Board

Yoshimichi Kawai
Director, Member of the Board

Masami Kumazawa
Director, Member of the Board

Toshiyuki Masai
Director, Member of the Board

Shunji Kono
Director, Member of the Board
(Honorary Adviser, Tokio Marine & Nichido Fire Insurance Co., Ltd.)

Kenji Matsuo
Director, Member of the Board
(President, Meiji Yasuda Life Insurance Company)

Norio Hashizume
Director, Member of the Board

Corporate Auditors

Mamoru Kajiwara
Standing Corporate Auditor

Yoshiyuki Nagai
Standing Corporate Auditor

Toyoshi Nakano
Corporate Auditor
(Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation)

Susumu Kani
Corporate Auditor
(Corporate Advisor, Mitsubishi Corporation)

Masatoshi Kamijo
Corporate Auditor
(Certified Public Accountant)

Officers

Michio Kariya
President and CEO and COO
Company's operations

Ichiro Terato
Executive Vice President and CFO
Assistant of President, in charge of Corporate Planning Department, Financing & Accounting Department, in charge of overseeing Internal Audit Department

Makoto Kimura
Executive Vice President
President of Imaging Company, in charge of Business Development Headquarters

Kyoichi Suwa
Senior Executive Officer
President of Core Technology Center, in charge of overseeing Glass Division

Kazuo Ushida
Senior Executive Officer
President of Precision Equipment Company, in charge of Intellectual Property Headquarters

Yoshimichi Kawai
Executive Officer
President of Business Administration Center, in charge of Corporate Communications & IR Department, in charge of overseeing Customized Products Division

Masami Kumazawa
Executive Officer
General Manager of Intellectual Property Headquarters, in charge of Information System Headquarters

Toshiyuki Masai
Executive Officer
President of Instruments Company

Yasuyuki Okamoto
Executive Officer
President & CEO, Nikon Inc.

Norio Hashizume
Operating Officer
General Manager of Financing & Accounting Department, in charge of Affiliates Administration Department

Koji Morishita
Operating Officer
General Manager of Business Development Headquarters

Toshikazu Umatate
Operating Officer
Vice President of Precision Equipment Company & General Manager of Sales Headquarters, Precision Equipment Company

Teruo Hashimoto
Operating Officer
General Manager of Production Headquarters, Precision Equipment Company

Masaaki Okajima
Operating Officer
In charge of manufacturing reform project, Chairman, Tochigi Nikon Corporation & Chairman, Tochigi Nikon Precision Co., Ltd. & Chairman, Sendai Nikon Corporation & Chairman, Sendai Nikon Precision Corporation & Chairman, Nikon (Thailand) Co., Ltd.

Kunio Kawabata
Operating Officer
General Manager of LCD Equipment Division, Precision Equipment Company & General Manager of Sales Department of LCD Equipment Division, Precision Equipment Company

Tsuneo Kosaka
Operating Officer
General Manager of Production Headquarters, Imaging Company

Kazuyuki Kazami
Operating Officer
General Manager of Development Headquarters, Imaging Company

Kenichi Kanazawa
Operating Officer
General Manager of Information System Headquarters

Hiroshi Ohki
Operating Officer
General Manager of Research & Development Headquarters, Core Technology Center & General Manager of Optical Research Laboratory of Research & Development Headquarters, Core Technology Center

Takaharu Honda
Operating Officer
General Manager of Business Planning Department, Imaging Company

Tsuneyoshi Kon
Operating Officer
Vice President of Business Administration Center

Nobuyoshi Gokyu
Operating Officer
Managing Director, Nikon Hong Kong Ltd.

Tomohide Hamada
Operating Officer
General Manager of
2nd Development Department, LCD Equipment Division, Precision Equipment Company

Masao Nakajima
Operating Officer
General Manager of
System Production Department, Production Headquarters, Precision Equipment Company

Investor Information

Nikon Corporation
Fuji Bldg., 2-3, Marunouchi 3-chome,
Chiyoda-ku, Tokyo 100-8331, Japan
Tel: +81-3-3214-5311
Fax: +81-3-3216-1454

Date of Establishment
July 25, 1917

Number of Employees
23,759 (Consolidated)

Common Stock
Authorized:
1,000,000,000 shares
Issued:
400,878,921 shares
¥65,476 million

Number of Shareholders
21,806

Stock Exchange Listings
Tokyo, Osaka, Fukuoka, Sapporo

Share Registrar
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Division
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo 100-8212, Japan

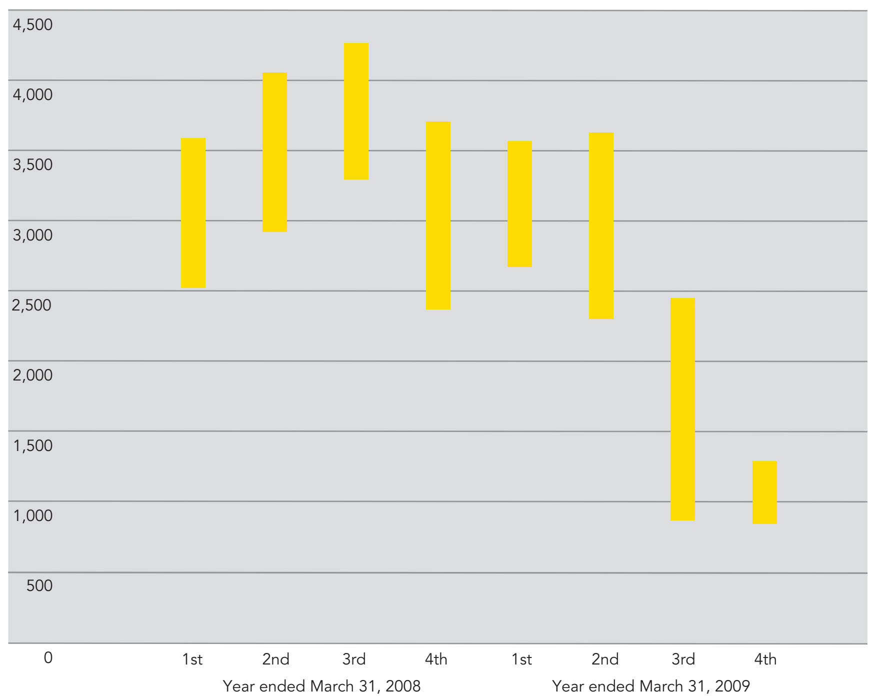
(As of March 31, 2009)

Major Shareholders

Name of Shareholder	Number of shares held (thousands)	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. Trust Account	29,667	7.48
Japan Trustee Services Bank, Ltd. Trust Account	23,449	5.92
Meiji Yasuda Life Insurance Company	20,565	5.19
Japan Trustee Services Bank, Ltd. Trust Account 4G	16,431	4.14
State Street Bank and Trust Company	13,915	3.51
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	12,297	3.10
JPMorgan Chase Bank 380055	11,970	3.02
Tokio Marine & Nichido Fire Insurance Co., Ltd.	10,067	2.54
Mitsubishi UFJ Trust and Banking Corporation	9,134	2.30
The Joyo Bank, Ltd.	8,298	2.09

Note : The percentage of total shares issued in the table is calculated after deducting treasury stock of 4,472,250 shares.

Price Range of Common Stock (¥)



For further information or additional copies of this annual report, please contact the Corporate Communications & IR Department.

Homepage: Nikon has created a Web site specifically for investors containing released financial reports, fact books and other information.
http://www.nikon.com/about/ir/

NIKON CORPORATION
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FSC Mixed Sources
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