

What has been the impact on Nikon from the Great East Japan Earthquake, which occurred on March 11, 2011, and how have you responded to the earthquake?

First of all, I wish to express my sincerest condolences to all those who have lost family and friends during the Great East Japan Earthquake and its aftermath. I also wish to express my deepest sympathies to those whose communities have suffered damage from the earthquake and tsunami and those who have suffered personal injury or damage to property. Further, it is with profound regret that I must report that members of the Nikon Group also died in the disaster.

In the fiscal year ended March 2011, the earthquake had a negative impact on net sales amounting to ¥8,000 million and a negative impact on operating income of ¥3,000 million. Furthermore, one plant and seven manufacturing companies in the Group sustained damage from the disaster and had to suspend operations. However, by the end of March all facilities had steadily begun to resume operations, and by the end of April 2011 we were able to restore our production capacity to the pre-quake level.

Since the earthquake, I have been moved by the high level of determination shown by the Group's front-line personnel toward recovery, as well as their strong teamwork. In extremely difficult circumstances, their efforts have exceeded senior management's expectations and we are very grateful. We have received a large number of messages of encouragement from all over the world, and we feel thankful for this overwhelming support. It has been a strong reminder of the trust enjoyed by the Nikon brand and the high expectations it carries.

Despite such severe circumstances as the earthquake and the appreciation of the yen, Nikon achieved a return to profitability in the fiscal year ended March 2011. What is your analysis of the factors behind this result?

In the fiscal year ended March 2011, significant factors that contributed to overall Group operating results included a recovery in market conditions for IC steppers and scanners, and growth in the market for LCD steppers and scanners in the Precision Equipment Company; continuing robust sales in the Imaging Company; and a recovery in the industrial instruments market in the Instruments Company. As well as absorbing the impacts of the earthquake and appreciation of the yen, in line with our plans we achieved an increase of 13% in net sales and a return to profitability.

In the Precision Equipment Company, underpinned by a recovery in global demand for semiconductor devices and expansion in the mobile equipment market, we recorded an increase in unit sales of the cutting-edge IC steppers and scanners and LCD steppers and scanners for large-scale LCD panels. This enabled the Precision Equipment Company to post a large increase in net sales and return to profitability. In the Imaging Company, the digital SLR camera market steadily expanded, and demand in the compact digital camera market continued to increase, driven particularly by emerging markets. These

conditions meant the Imaging Company was able to absorb the effects of the appreciation of the yen and record increases in both net sales and operating income.

+13%

Please provide your outlook for business environment faced by the Nikon Group during the fiscal year ending March 2012.

MAKOTO KIMURA
Representative Director,
President, Member of the Board

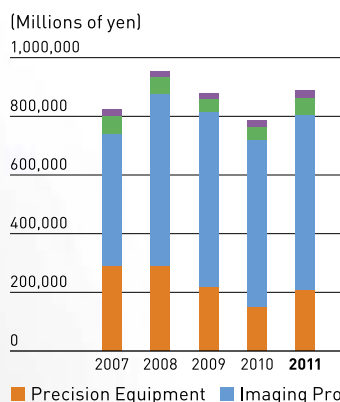
In the Instruments Company, we focused on high-end systems for the bioscience field and worked on product launches and sales expansion of highly differentiated products in the industrial instruments field. As a result, the Instruments Company posted a large increase in net sales and reduced its operating loss for the fiscal year, while recording in the fourth quarter its first quarterly operating income in 12 quarters.

The business environment is recovering, and we envisage that the growth trend will continue during the fiscal year ending March 2012. In particular, we think that growth in emerging countries will be a key driver. Further, although the Great East Japan Earthquake caused damage to component supply chains, the situation is improving more rapidly than we originally anticipated.

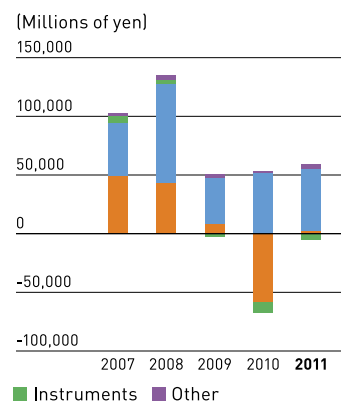
In the Precision Equipment Company, the IC stepper and scanner market is expected to remain firm, and shipments of the ArF immersion scanner NSR-S620D are anticipated to move into full swing. In the LCD stepper and scanner market, particularly in Asia, we are forecasting growth in the market relating to equipment for small to medium-sized LCD panels, a product area in which Nikon excels. Based on these conditions, we anticipate substantial increases in net sales and operating income in the Precision Equipment Company in the fiscal year ending March 2012. In the Imaging Company too, we forecast steady growth in the digital SLR camera market and the compact digital camera market is also expected to see continuing sales growth in emerging countries. Difficulties in component procurement, which had been a cause for concern, are now being resolved, and we anticipate that we will be able to achieve steady growth in unit sales of both digital SLR cameras and compact digital cameras.

2012

Sales by Business Segment



Operating Income (Loss) by Business Segment



Note: The "Other" segment comprises businesses not included in reportable segments, such as the glass-related business, sport optics products business and customized products business.



You have said that the Medium Term Management Plan aims to build a corporate group capable of continuously providing new value. Please outline your thinking behind the plan and the key points you perceive in the development of the Group's businesses.

The Four Basic Policies of the Medium Term Management Plan

Expanding
the Nikon brand

1

Creating
new businesses

2

Realizing
unified and quick-
responding organizations

3

Strengthening
business functions and
innovating processes

4

In the Instruments Company, we will continue our efforts from the previous fiscal year to expand sales of high-end systems for the bioscience field, and in the industrial instruments field we intend to move into full swing with sales of our new non-contact, three-dimensional (3D) measurement systems. On a full-year basis, we are aiming to reach profitability in the Instruments Company.

The basic thinking behind the Medium Term Management Plan is that to become a corporate group capable of continuous growth, we must transform our corporate structure into one that is very sturdy and resilient. What makes corporate growth possible is not the hit products themselves. The essential prerequisites for sustainable growth are the structures capable of producing hit products and the systems that facilitate the necessary post-sales business operations. To realize such structures, the Nikon Group has adopted four key policies. They are: "Expanding the Nikon brand," "Creating new businesses," "Realizing unified and quick-responding organizations" and "Strengthening business functions and innovating processes."

In addition to applying our full energies to realizing these basic policies, in the fiscal year ending March 2014, we are targeting net sales of ¥1,200,000 million and operating income of ¥135,000 million.

In the Precision Equipment Company, we aim to bolster competitiveness and expand market share by moving toward early, steady production and expanded sales of the NSR-S620D. We will also shorten the manufacturing lead time to six months for our cutting-edge IC steppers and scanners. By doing so, we will increase out sales opportunities during periods of market expansion and reduce inventory risk during periods of market contraction. It will also enable further cost reductions and reinforce profitability. In the LCD stepper and scanner business, we will pursue product development that responds to market needs for increasingly high-precision images.

In the Imaging Company, we will focus on raising brand recognition and strengthening brand image as we strive to become the No. 1 brand in the imaging field. To achieve this, I believe that a key theme is to pioneer emerging markets. In the past few years, we have focused on developing our brand in the BRICs markets, beginning with China, Russia and India. More recently, we established a sales subsidiary in Brazil. We have also set up a sales subsidiary in Thailand and intend to focus further on developing other markets.

We have almost completed development of new generation digital cameras that we began working on several years ago, which will offer customers new ways to enjoy images. We are currently monitoring world market trends as we consider the appropriate timing for the launch of these new products.

1,200,000

What are your main policies regarding corporate social responsibility (CSR)?

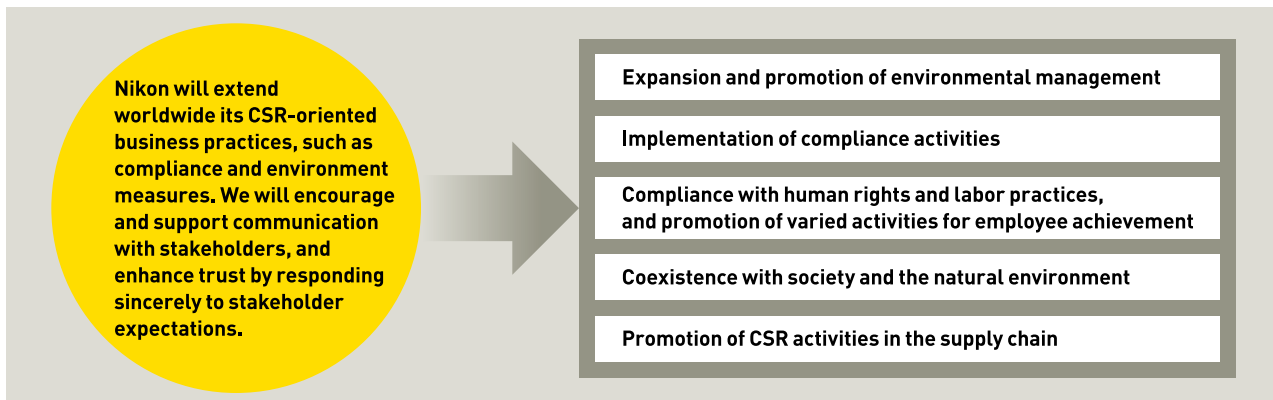
In the Instruments Company, we provide high-value-added products that respond to diverse customer needs. In the microscope business, we are striving to build a leading position in cutting-edge research fields, while in the measuring instruments business, we are working to build a leading position in the non-contact, 3D measurement systems field.

The Nikon Group has actively promoted the concept of CSR since 2006, when “CSR-oriented management” was adopted as a goal of its Medium Term Management Plan. Since then, Nikon has implemented a broad range of measures in line with its commitment to CSR, including the establishment of the CSR Committee, formulation of the Nikon CSR Charter, development of a medium term plan for CSR and participation in the United Nations Global Compact initiative.

From the fiscal year ending March 2012, under the Group’s medium term plan for CSR, we are promoting the following as key CSR issues to be addressed by the entire Group: expansion and promotion of environmental management; implementation of compliance activities; compliance with human rights and labor practices, and promotion of varied activities for employee achievement; coexistence with society and the natural environment; and promotion of CSR activities in the supply chain. For example, in relation to “promotion of varied activities for employee achievement” we believe that a global perspective on human resource management is important, while in relation to “environmental management,” we believe that it is crucial to realize processes for manufacturing that require low energy inputs.

Following the recent major earthquake in Japan, much attention has been focused on risk management and business continuity planning. Risk management is a very multifaceted discipline. We need to analyze risks not only for Nikon directly and prepare response measures but also consider many details, including the supply chain, from a broader, social-responsibility perspective. In the future, we will strive to develop our business globally while constantly maintaining a strong awareness of CSR.

Group Goals for the CSR Medium Term Plan (three-year plan for the fiscal years ending March 2012 to 2014)



Please explain Nikon's policies regarding shareholder return.

Nikon's basic policy regarding the distribution of earnings is to expand capital investment and R&D spending 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. In accordance with this policy, we have set a target for a total return ratio of 25% or more. While carrying out shareholder return through dividends and share buybacks, we pursue capital investment and investment in R&D to ensure that the Group is able to fully exploit growth opportunities.

For the fiscal year ended March 2011, in line with higher net sales and the return to profitability, we increased our year-end dividend by ¥10 per share compared with the previous fiscal year, to ¥14 per share. Total dividends applicable to the fiscal year amounted to ¥19 per share (payout ratio of 27.6%). For the fiscal year ending March 2012, Nikon plans to pay a full-year dividend of ¥27 per share (including an interim dividend of ¥10 per share).

25%+

Please provide your closing message to shareholders and investors.

Since the Great East Japan Earthquake, we have received many warm messages of support and encouragement from shareholders, investors and other stakeholders from all over the world. This has once again served to remind us of the high level of recognition received by the Nikon brand worldwide and also reaffirmed our significant responsibilities as a global company with over 85% of net sales outside Japan. I am pleased to report to shareholders and investors that the Nikon Group has applied its utmost efforts to affecting a swift recovery and that we are working vigorously toward the numerical targets announced in the Medium Term Management Plan.

Annual Cash Dividends and Total Return Ratio

Years ended March 31

