



MAY 13, 2009

Financial Results of the year ended March 31, 2009**Company name: NIKON CORPORATION**

Code number: 7731; Stock listings: Tokyo Stock Exchange, Osaka Securities Exchange

URL <http://www.nikon.co.jp/>

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Date for the annual shareholders' meeting: June 26, 2009

Date for the filing of the consolidated financial statements : June 26, 2009

Data of year-end dividend payout : June 29, 2009

Note: Amounts less than 1 million yen are omitted.

1. Consolidated Results of the year ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Financial Results

(%: change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2009	879,719	(8.0)	48,184	(64.4)	47,689	(60.3)	28,055	(62.8)
Year ended March 31, 2008	955,791	16.2	135,169	32.5	120,139	34.2	75,483	37.7

	Net income per share of common stock	Net income per share of common stock after dilution	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended March 31, 2009	70.76	67.91	7.3	6.1	5.5
Year ended March 31, 2008	189.00	181.23	20.4	15.3	14.1

(Reference) Equity in Earning of non-consolidated subsidiaries and affiliates: Year ended March, 2009; 1,022 million yen
Year ended March, 2008; 1,308 million yen

(2) Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share of common stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2009	749,805	379,086	50.5	955.72
Year ended March 31, 2008	820,621	393,125	47.9	983.94

(Reference) Equity: Year ended March 31, 2009: 378,853 million yen
Year ended March 31, 2008: 392,978 million yen

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Year ended March 31, 2009	10,112	(44,518)	5,774	79,806
Year ended March 31, 2008	120,839	(49,783)	(38,664)	112,957

2. Dividends

	Dividend per share				
	First Quarter ended	Second Quarter ended	Third Quarter ended	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2008	-	11.50	-	13.50	25.00
Year ended March 31, 2009	-	12.50	-	5.50	18.00
Year ending March 31, 2010 (Planned)	-	4.00	-	4.00	8.00

	Total annual Cash dividend paid	Dividend payout ratio (consolidated)	Dividend payout to net assets ratio (consolidated)
	Million yen	%	%
Year ended March 31, 2008	9,984	13.2	2.7
Year ended March 31, 2009	7,135	25.4	1.9
Year ending March 31, 2010 (Planned)	-	-	-

3. Forecasts for Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

(%: change from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share of common stock
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter ending September 30, 2009	320,000	(34.3)	(14,000)	-	(16,000)	-	(15,000)	-	(37.84)
Full year	680,000	(22.7)	(12,000)	-	(16,000)	-	(17,000)	-	(42.89)

4. Other

(1) Changes of significant subsidiaries during the current fiscal year (change of specified subsidiaries that affected the scope of consolidated reporting): None

(2) Changes of accounting policies applied, procedures and methods of presentation for preparing consolidated financial statements

1. Changes by revision of accounting standards: Yes

2. Changes other than the above: None

Note: Please see “(8)Changes in Accounting Policies” on page 19 for further details.

(3) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury stocks):

Year ended March 31, 2009 400,878,921 shares

Year ended March 31, 2008 400,101,468 shares

2. Number of treasury stock as of the term end:

Year ended March 31, 2009 4,472,250 shares

Year ended March 31, 2008 708,305 shares

Note: Please see “Per-Share Data” on page 24 for further details.

[Reference]

1. Non-consolidated Results of Year ended March 31, 2009(From April 1, 2008 to March 31, 2009)

(1) Financial Results

(%: change from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended March 31, 2009	663,945	(9.4)	10,903	(87.5)	28,478	(66.3)	16,364	(69.5)
Year ended March 31, 2008	732,963	20.9	87,155	21.3	84,515	25.6	53,653	25.1

	Net income per share of common stock	Net income per share of common stock after dilution
	Yen	Yen
Year ended March 31, 2009	41.27	39.61
Year ended March 31, 2008	134.34	128.82

(2) Financial Position

	Total assets	Net assets	Equity Ratio	Net assets per share of common stock
	Million yen	Million yen	%	Yen
Year ended March 31, 2009	609,819	297,425	48.7	749.72
Year ended March 31, 2008	663,306	315,748	47.6	790.20

(Reference) Equity: Year ended March 31, 2009: 297,192 million yen
Year ended March 31, 2008: 315,601 million yen

(Note)

These forecasts are based on the Company’s current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The company’s actual results may differ materially from those discussed in these forecasts as a result of numerous factors of the Company’s control.

1. Operating Results

1. Analysis of operating results

(1) Overview of the fiscal year ended March 31, 2009

During the consolidated fiscal year ended March 31, 2009, the Precision Equipment Business and the Instruments Business saw a decrease in both revenue and earnings due to the strong effect of the significant cutbacks in capital expenditure in the semiconductor-related market and other markets. In the Imaging Products Business, while revenue increased, earnings fell due to the impact of the significantly strong yen in the exchange markets during the second half of the year and the slump in personal consumption caused by the rapidly deteriorating economy, in spite of the increase in the number of units sold during the year, owing to its efforts to promote sales by launching product families with unique features.

Further, various measures were promptly implemented on the Group level pursuant to the decision of the Management Reform Committee, which was established in order to address the changes in business environment.

As a result, net sales for the consolidated fiscal year decreased by 76,072 million yen (8.0%) from the previous consolidated fiscal year to 879,719 million yen, operating income decreased by 86,984 million yen (64.4%) to 48,184 million yen, ordinary income decreased by 72,449 million yen (60.3%) to 47,689 million yen, and net income decreased by 47,427 million yen (62.8%) to 28,055 million yen.

Performance by business segment is as follows:

1) Precision Equipment Business

Of the markets related to the business, the size of the semiconductor-related market shrank drastically in light of a substantial cutback in capital expenditure resulting from global decline in demand for semiconductor devices.

Although the liquid crystal-related market enjoyed active investments during the first half of the year, the sudden slowing of demand for large panels for flat-screen televisions in the summer of 2008 triggered a rapid deterioration of market conditions.

In the area of IC steppers and scanners, amid this situation, efforts were made to promote the sales of such cutting-edge models as the NSR-S610C ArF immersion scanner (world's first scanner at 45 nm node or smaller for mass production), in addition to launching extreme ultraviolet (EUV) lithography equipment that enable further device shrinkage. Further, continued efforts were made to develop the NSR-S620 ArF immersion scanner for mass production utilizing double patterning, which is a next-generation exposure technology.

In the area of LCD steppers and scanners, efforts were made to promote the sales of such existing products as the FX-65S, which is compatible with exposures by 6th generation glass plates, and the FX-903N, which is optimal for the production of small to medium high-precision liquid crystal displays used in cell phones and automotive devices, while initiating the shipment of FX-101S lithography equipment, which are compatible with 10th-generation glass plates.

Continued efforts were made to reinforce cost competitiveness overall by shortening manufacturing periods, as well as by adopting simplified designs and common platforms.

However, due to the effect of the downturn in market conditions, net sales dropped by 24.4% from the previous fiscal year to 219,915 million yen, while operating income fell by 81.5% to 8,041 million yen.

2) Imaging Products Business

As regards market conditions related to this business, the digital camera market continued to expand this year, following the previous year, owing to brisk business during the first half, despite the market environment's rapid deterioration during the second half due to stagnant personal consumption resulting from the worsening of the economic situation caused by the financial crisis originating in the United States.

Under these circumstances, the digital SLR camera line-up was enhanced with the launch in September 2008 of the D90 mid-range model, the world's first digital SLR camera to offer "D movie,"

a movie function, followed in December 2008 by the D3X flagship model that provides high-definition, superior-quality image with 24.5 effective megapixels. Although the sales of high-priced products were impacted by the worsening of the market situation during the second half, both the number of units sold and net sales increased this year, due in part to the strong performance of all products during the first half.

Compact digital cameras enjoyed a significant increase in both the number of units sold and net sales as a result of favorable sales mainly in the North American region, together with the launch in March 2009 of the COOLPIX P90, offering a 24x optical zoom function, and the new S series products that combine functionality with stylish design, such as the COOLPIX S630.

Interchangeable lenses saw an increase in net sales, as NIKKOR lens celebrated its 75th anniversary, with digital SLR camera kits performing strongly and high-value-added high-priced lenses recording solid sales as the digital SLR camera line-up for professionals and advanced amateurs was enhanced.

Further, focused efforts were made to open market, including the launch in December of the Media Port UP, an image playback headset device that provides a new ways of enjoying videos and music. Following the previous year, further reduction of costs and improvement of asset efficiency were promoted by bolstering manufacturing through the enhancement of productivity, promotion of procurement innovations and improvement of inventory turnover.

As a result, net sales increased by 1.8 % from the previous fiscal year to 596,468 million yen, although operating income decreased by 52.3% to 40,039 million yen due to the substantial strengthening of the yen during the second half, weak personal consumption caused by the economic downturn, and drop in the unit price of products as a result of intensifying competition.

3) Instruments Business

Of the market conditions related to this business, the bioscience-related market remained solid, mainly in the fields working with live cells, while the industrial instruments-related markets suffered significant impact from cut-backs in capital expenditure, with semiconductor, electronic component and automotive-related markets remaining stagnant.

In this situation, the bioscience business focused its efforts on promoting the sale of system products, including the inverted research microscope ECLIPSE Ti, and the imaging confocal microscope A1, while the sales subsidiaries re-examined their sales structure. As a result, net sales remained at the same level as the previous year in spite of some regions suffering the effect of a decline in price competitiveness due to the progressive strengthening of the yen.

Meanwhile, the industrial instruments business saw a drastic decrease in the sale of industrial microscopes, measuring instruments and semiconductor inspection equipment due to the effect of the sluggish industrial instrument-related markets, despite efforts to promote sales in various areas, such as the launch in October 2008 of the inverted metallurgical microscope ECLIPSE MA200, which is suitable for observation of metals and ceramics.

As a result, net sales decreased by 24.4% from the previous fiscal year to 44,642 million yen and operating loss of 2,723 million yen (operating income of 4,081 million yen in the previous fiscal year).

4) Other Businesses

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 essentially the same level of sales as the previous year was maintained for optical components and space-related products.

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

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

As a result, net sales decreased by 5.5% from the previous fiscal year to 18,693 million yen, and operating income decreased by 20.9% to 2,875 million yen.

(2) Forecast for the fiscal year ending March 31, 2010

As regards the business segments of the Nikon Group, it is believed that the semiconductor-related

business environment will remain difficult, with the capital expenditure of device manufacturers remaining slow. While an increase in the operation rate may be observed with respect to some panel manufacturers, the situation is expected to remain unclear in the liquid crystal panel-related business. Further, the market environment is expected to remain tough for digital cameras, with the yen expected to remain strong in terms of exchange rates, in addition to the anticipated deterioration of product prices due to the intensification of competition resulting from successive launches of new products by each company.

In order to enable sustainable growth even under these difficult circumstances, the Group will engage in the reform of business and earnings structures and the lowering of the break-even point by building a production system capable of withstanding further appreciation of the yen, as well as by consolidating business sites globally to adapt to market changes.

In addition, the Group will launch attractive products backed by high technologies, while working to strengthen Monozukuri (manufacturing) capabilities, develop and cultivate markets in developing countries, promote new businesses, and search for new business domains.

Further, the Group will seek to become a company trusted by all stakeholders through the management of business, placing importance on cash flows and emphasizing CSR, including compliance and environmental conservation.

Current forecast for Year Ending March 31, 2010 is as below.

(From April 1, 2009 to March 31, 2010)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	680,000	(22.7)	(12,000)	-	(16,000)	-	(17,000)	-

The above forecast is based on the following foreign currency exchange rate :

1 US dollar = 95 yen, 1 Euro = 125 yen

*Forecasts in this disclosure are made by management in light of information currency available.

A number of factors could cause actual results to differ materially from disclosed as above.

2. Analysis of financial position

Financial position as of March 31, 2009 as compared with the end of the previous fiscal year is as follows.

The balance of current assets as of March 31, 2009 decreased by 77,182 million yen from the end of the previous fiscal year to 518,935 million yen. This is due mainly to the decrease in cash and deposits as well as the decrease in notes and accounts receivable-trade.

The balance of noncurrent assets as of March 31, 2009 increased by 6,366 million yen from the end of the previous fiscal year to 230,869 million yen. This is attributed mainly to the increase in noncurrent assets as a result of the posting of lease assets and an increase in deferred tax assets, in spite of the decrease in the assessed value of investment securities.

The balance of current liabilities as of March 31, 2009 decreased by 63,128 million yen from the end of the previous fiscal year to 289,335 million yen despite the increase in short-term loans payable and commercial paper, due mainly to the decrease in notes and accounts payable-trade, as well as the decrease in income taxes payable.

The balance of noncurrent liabilities as of March 31, 2009 increased by 6,350 million yen from the end of the previous fiscal year to 81,382 million yen. The increase is due mainly to the increase in long-term loans payable and the posting of lease obligations, in spite of the decrease in the balance of bonds owing to the conversion of convertible bonds and the transfer to current liabilities of the bonds to be redeemed within one year.

The balance of net assets as of March 31, 2009 decreased by 14,038 million yen from the end of the previous fiscal year to 379,086 million yen. This is attributed to the decrease in valuation and translation adjustments by 23,215 million yen from the end of the previous fiscal year due to the stagnant stock market and the effect of exchange rate, while shareholders' equity increased by 9,090

million yen from the end of the previous fiscal year owing to the posting of 28,055 million yen in net income, as well as to the payment of dividends and acquisition of treasury stock made in response to the increase in capital stock and capital surplus which resulted from conversion of convertible bonds.

During the year ended March 31, 2009, cash flows from operating activities decreased by 110,727 million yen from the end of the previous fiscal year to 10,112 million yen as a result mainly of the decrease in notes and accounts payable-trade by 56,884 million yen, in spite of such factors contributing to an increase as the posting of 39,180 million yen in income before income taxes, a decrease in notes and accounts receivable-trade by 26,694 million yen.

Cash flows from investing activities decreased by 5,264 million yen from the end of the previous fiscal year to 44,518 million yen as a result of an expenditure of 31,034 million yen for the acquisition of property, plant and equipment.

Cash flows from financing activities increased by 44,438 million yen from the end of the previous fiscal year to 5,774 million yen due mainly to an increase in commercial paper by 20 billion yen and proceeds from long-term loans payable of 11.7 billion yen, despite the payment of cash dividends of 10,338 million yen, an expenditure of 12,337 million yen for the purchase of treasury stock, and an expenditure of 5 billion yen for the redemption of bonds.

(Reference) Changes in Cash Flow-Related Indices

	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Equity ratio (%)	30.9	35.2	46.5	47.9	50.5
Equity ratio based on market value (%)	71.9	112.8	132.5	129.2	58.5
Cash flow to interest-bearing debt ratio (years)	4.1	2.8	1.3	0.6	11.4
Interest coverage ratio (times)	22.8	43.0	46.8	80.7	8.3

(Notes) Equity ratio: Equity/Total assets

Equity ratio based on market value: Total market value of shares/Total assets

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flows

Interest coverage ratio: Operating cash flows/Interest payments

*All indices are calculated based on consolidated financial data.

*The total market value of shares is calculated in accordance with the formula: final share price as of the end of the fiscal year x numbers of shares issued (after deducting treasury stock).

*Operating cash flows are the cash flows from operating activities as indicated in the consolidated cash flow statement. Interest-bearing debts include the short-term and long-term loans payable as posted in the consolidated balance sheet. As regards interest payments, the amount of interest paid as shown in the consolidated cash flow statement is used.

3. Shareholder returns policy and dividends

Nikon's basic dividend policy is to improve the reflection of business performance based on paying a steady, continuous dividend, as well as expanding the investment for the future growth and strengthening of competitiveness. More specifically, its present goal is to provide a total return ratio of 25% or more. Based on the above policy, Nikon set the year-end dividends at 5.5 yen per share, a decrease of 8 yen from previous fiscal year. As a result, cash dividends for the fiscal year ended March 31, 2009 will be 18 yen per share including 12.5yen of interim dividend.

As for the dividends of the fiscal year ending March 31, 2010, Nikon plans to pay interim and year-end dividends of 4 yen per share each, for total dividends of 8 yen per share.

4. Business and Other Risks

There is a possibility that the business performance of the Nikon Group will be impacted significantly by various factors that may arise in the future. Following are principal matters that are believed to be

likely risk factors in the promotion of business operations by the Group.

Matters concerning the future as stated herein are based on the Nikon Group's beliefs as of the date of the preparation hereof.

(1) Unique business environment and circumstances

1) Dependence on particular products

The Nikon Group is highly dependent on the Precision Equipment Business and the Imaging Products Business, which jointly account for 92.8% of total net sales. Hence, the business performance of the Group as a whole is greatly affected by the performance of the two businesses.

In terms of leading products, the Group relies heavily on IC and LCD steppers and scanners in the Precision Equipment Business, and on digital cameras and interchangeable camera lenses in the Imaging Products Business.

2) Unique environment of main businesses

The semiconductor industry, which is the main target market for the IC steppers and scanners handled by the Precision Equipment Business, is characterized as an industry with drastic changes in the business cycle, although this inclination has been waning in recent years, due to the diversification of end products. As a result, an over-supply of semiconductor devices in the market poses the risk of a decrease in the demand for steppers, due to a cutback in capital investment by semiconductor manufacturers and an accompanying increase in inventories. However, it is difficult to predict the timing or the duration of such a situation or the degree of fluctuation. As an additional characteristic of customer behavior in the same industry, orders are subject to postponement or cancellation even after they have been placed, resulting in a structure that is prone to increases in inventory during periods of slow demand. The demand for LCD steppers and scanners, which is dependent on the climate of the LCD panel market, may experience a rapid decline, should LCD panel prices drop as a result of an over-supply.

Although the market for digital cameras, which are the leading products of the Imaging Products Business, is continuing to expand, there is a possibility of the market undergoing changes due to such factors as a further increase in the penetration rate of digital cameras, fluctuation of the economy of respective region and the emergence of strong competition, such as new digital equipment. The conditions of the digital camera market are expected to remain tough, with some companies withdrawing from the market or downsizing their operation, while others enter the market for the first time.

In the Instruments Business, the microscope market is becoming saturated, leading to the possibility of a change in competition structure, as a result of an industry restructuring or the like. Further, the Industrial Instruments Business is susceptible to the effect of the economic and facility trends of various industries, including semiconductors, power generation, electronic components, automobiles and machine tools.

Such changes in the business environment are likely to have a considerable impact on the business performance and the financial position of the Nikon Group.

(2) Dependence on specific suppliers

In each business that it is engaged in, the Nikon Group is sometimes dependent on specific suppliers for such things as raw materials, key components, and finished products that have been outsourced. Although the Group is making efforts to ensure stable procurement while maintaining a close relationship with specific suppliers, there is a possibility that the Group's profit and financial position will be adversely affected in the event of a steep increases in purchase price or a material problem with procurement due to a sudden surge in demand, natural disasters, quality issues, as well as policy changes or bankruptcy on the part of a specific supplier.

(3) Dependence on specific customers

Such moves as mergers and partnerships are progressing in the semiconductor industry, which is a customer of the Precision Equipment Business, in order to cope with the expanding capital expenditure and the increasingly more sophisticated technology development. Further, selective elimination is proceeding as the competitive superiority or inferiority of various companies becomes more defined, based on the technologies owned and the characteristics of the devices manufactured. Competition among companies is intensifying also in the LCD panel industry as capital expenditures expand, resulting in some moves for industry restructuring. Capital investment plans of the Nikon Group's

major customers are volatile owing to the foregoing circumstances. Hence, there is a possibility that the Group's profit and financial position will be adversely affected should; for example, a customer drastically reduce order volumes or take its business to a competitor, or should problems arise for any reason with respect to debt payment by a customer.

(4) Ability to develop new products and investment in development

Being subject to intense competition, the Nikon Group's core businesses are constantly required to develop new products by continuing to engage in highly advanced research and development. Therefore, it is necessary to continue to invest in product development, regardless of the fluctuations in the Group's profit.

In the Precision Equipment Business, there is a possibility of a decrease in profit in the event of failure to develop new products and/or next-generation technology in a timely manner, or of rejection by the market of a technology developed by the Nikon Group. Further, should a competitor acquire a patent on a new technology, there is a danger that the production and/or sale of a product will be suspended or of a decrease in profit margin due to the payment of royalty, as well as the possibility that the adoption of a new technology by a competitor's device will cause the price of Nikon's devices to deteriorate. Further intensification of price competition is expected with respect to LCD steppers and scanners in the event of market entries by newcomers or introduction of a new technology, which may impact profit.

In the Imaging Products Business, given the rapid technological advances in and increasing sophistication and diversification of digital cameras, continual investment is required for the development of new technologies and new products. However, there is a conceivable possibility that a technology or a product that was developed will not lead to an increase in profit should the investment fail to produce adequate results or should there be an abrupt shift in demand to higher functioning digital equipment.

(5) Intensification of price competition

Competition is intensifying with respect to digital cameras, which are the leading products of the Imaging Products Business, with both Japanese and overseas electrical equipment manufacturers entering the market in addition to the traditional camera manufacturers. As the product life cycle is short, particularly in the case of compact digital cameras, all companies have the tendency to try to sell mass-produced products within a short period, further spurring price competition, in conjunction with slowing market growth and economic fluctuations.

As for IC steppers and scanners, while the development of cutting-edge technologies is progressing, there is a possibility that competitors will launch an offensive with low-priced steppers and scanners employing i beams or KrF as the light source.

In the Instruments business, the maturing of the microscope market is further promoting the competition to differentiate products, while fanning price competition in the mid- and low-range markets. There is a possibility that the Nikon Group's profit and financial position will be affected adversely, should there be a sharp and sudden decrease in prices.

(6) Overseas business operations

The Nikon Group is dependent on foreign countries for a significant portion of its production and sales activities. Hence, it is affected by changes in various import and export laws, tax systems, and regulation in Japan and other countries in which the Group operates. Further, in conducting business operations overseas, there is a possibility that major problems will be encountered and/or losses will be incurred in conducting business activities, due to such risks as changes in political regimes or economic climate; social chaos caused by riots, terrorism, wars, infectious diseases, etc.; problems with such infrastructures or logistics-related functions as water, electricity, and communications network due to natural disaster; and difficulty hiring human resources or loss thereof. There is a possibility that the Nikon Group's profit and financial status will be affected adversely as a result of production and sales being limited by the foregoing.

(7) Risk of fluctuations in exchange rate

The Nikon Group is highly dependent on overseas market, with exports accounting for as much as 81.4% of net sales. While the Group is appropriately hedging foreign exchange risks in accordance with sales volumes and the sales region, the net sale of and profit from products and services subject to

foreign currency transactions, or the yen values of the income, losses, assets and liabilities of overseas consolidated subsidiaries will be affected should there be a sharp fluctuation in foreign exchange rates.

(8) Fund procurement risk

While the Nikon Group is procuring funds as the need arises with due consideration for the balance between long-term and short-term funds, as well as between direct and indirect financing, there is a possibility that such effects as an increase in interest rates on the fund procured or limitation of the means for procuring fund may arise should the financial market climate deteriorate further. There is a possibility that fund procurement by the Group will also be impacted should the rating of the Company's bond be revised downward due to a decline in business performance.

(9) Risk relating to the protection of and litigations on intellectual property rights

The Nikon Group acquires and holds numerous intellectual property rights as it develops products. In some cases, the Group licenses such intellectual property rights to other companies. Although utmost efforts are being made for the maintenance and protection of these intellectual property rights, there is a possibility that considerable litigation expenses will be incurred should a lawsuit be filed in connection with an unlicensed use of the Group's intellectual property rights by another company.

Further, there is a possibility that other companies, individuals, or entities will file a complaint against the Nikon Group for an alleged infringement on their intellectual property rights, although the Group is paying adequate attention to avoiding infringing third-party intellectual property rights in conducting product development. Should such a situation occur, there is a possibility that the Group's profit and financial position will be affected significantly.

(10) Securing key personnel and outflow of human resources and know-how

The Nikon Group is supported by its employees, who possess advanced technical and other expertise and abilities, and securing such human resources is becoming increasingly more important in order to win through intense competitions in the market. However, should labor fluidity increase further for some reason, there is a possibility that such key personnel will resign, taking their expertise and know-how with them. In order to minimize such outflow of expertise and know-how, the internal transmission, standardization and sharing of proprietary technologies and skills are being promoted. While it is important to secure competent human resources locally overseas, it is believed that the possibility of an outflow of human resources is particularly high in regions with high labor fluidity.

Since long-term education and training are essential in order to foster human resources given the rapid technological renovations in the business that the Group is engaged in, replacing key personnel that depart may be difficult at times and may thus adversely affect the Group's future growth, profit and financial position.

(11) Information Leaks

The Nikon Group retains such important information as technical information, corporate information, and the personal information of its customers and other persons concerned. Among other things, the Group is enhancing its internal regulations on the handling of information and educating its employees, while thoroughly controlling external access to such information and improving the level of storage security. However, in the rare event of leakage of the Company's confidential information, including technical information, there is a possibility that the corporate value of the Nikon Group will be damaged. Further, should corporate or personal information leak out, the Group would not only suffer damages to its credibility, but would also be subject to claims for compensation from such entities as business partners, customers, employees or other entities suffering the effect of the leak. Should this occur, there is a possibility that the Group's profit and financial position will be affected adversely as tremendous costs will be necessary for various activities related to the recovery of trust, compensation to subject companies and individuals, implementation of measures to prevent recurrence, and other necessities.

(12) Defects in products and services

As concerns the Nikon Group's products and services, advanced quality assurance systems are in place within Japanese and overseas Group companies, as well as production contractors, in order to provide customers with highly trustable and sophisticated products. However, in the rare event that a customer suffers a loss due to a defect in a product or service, there is a possibility that profit and

financial position will be adversely affected, there being the risk that large amounts will be incurred in repair expenses and costs related to liability, recall, disposal of products and the like, in addition to the decreased desire of customers to purchase the Group's products and services due to a decrease in customer trust in the Nikon brand.

(13) Occurrence of natural disasters, etc.

Due attention is being paid to measures relating to such natural disasters as earthquakes, fires and flood, and measures to counter the expansion of such infectious diseases as new strains of influenza, giving priority in particular to the promotion of the business continuity plan (BCP), which was formulated as a part of earthquake countermeasures. However, there is the risk that operations will be suspended and production and shipment will be delayed, should the Group's development or production sites, suppliers or other relevant parties suffer critical damage. There is a possibility that the Group's profit and financial position will be adversely affected, should net sales decrease and considerable expenses be incurred for business recovery as a result thereof.

(14) Damages to brand value

The Nikon Group is making utmost efforts to protect and enhance the 'Nikon Brand,' which was fostered over years of corporate management marked with integrity and provision of products and services that are worthy of customer trust. However, there is a possibility that the Group's profit and financial position will be adversely affected should trust in the brand decline and the value of the Nikon brand be damaged, as a result of the circulation of negative reputation or evaluation of the Group's technologies, products or services.

2. Management Policies

(1) Company's Basic Management Policies

The Company's management vision, under the business philosophy of "Trustworthiness and Creativity," is "Our Aspirations."

Our Philosophy

"Trustworthiness and Creativity"

Our Aspirations

"Meeting needs. Exceeding expectations."

- Providing customers with new value that exceeds their expectations.
- Sustaining growth through a break with the past and a passionate commitment by one and all.
- Maximizing our understanding of light to lead the way towards transformation and a new future.
- Maintaining integrity in order to contribute to social prosperity

(2) Targeted management indices

The Nikon Group is in an extremely difficult economic climate, as a result of the rapid decline in business conditions caused by the global economic crisis. Taking these circumstances into consideration, the Group will work as one in making preparations to overcome the crisis to achieve sustainable growth by aiming to "change the nature of the Group to enable sustainable growth even in a difficult business climate for a prompt resumption of growth" this year.

(3) Medium and long-term management strategies and issues to be addressed

All employees will join forces to promote medium- and long-term management, adopting the following matters as priority measures, in order to resume sustainable growth, even in the current adverse business climate, by creating value that exceeds customer expectations.

- Further strengthen the competitiveness of core businesses by securing superiority in state-of-the-art technologies, developing high-value-added products, and sales capabilities, as well as boldly carrying out business structural reform to conduct a basic review of expenses as a Group, lower the break-even point, and enhance the Group's ability to generate profit.
- Clarify the new direction of business domains in preparation for the maturing of existing businesses.
- Place importance on cash flows, make spending decisions carefully and accurately, and focus on cutting back on capital investments and reducing inventories.
- Re-acknowledge the importance of CSR, make efforts to promote compliance and environmental management while fostering of human resources, and prove the Group worthy of trust.

3. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	113,973	80,350
Notes and accounts receivable-trade	159,934	121,155
Inventories	264,720	265,214
Deferred tax assets	40,126	33,298
Other	20,403	25,920
Allowance for doubtful accounts	(3,041)	(7,005)
Total current assets	596,117	518,935
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	41,879	43,054
Machinery, equipment and vehicles, net	36,691	38,930
Land	15,488	14,970
Lease Assets, net	-	8,762
Construction in progress	8,232	6,860
Other, net	14,872	13,494
Total property, plant and equipment	117,163	126,072
Intangible assets	21,661	25,379
Investments and other assets		
Investment securities	74,559	50,176
Deferred tax assets	4,405	22,852
Other	6,817	6,448
Allowance for doubtful accounts	(104)	(60)
Total investments and other assets	85,678	79,417
Total noncurrent assets	224,503	230,869
Total assets	820,621	749,805

(Million yen)

	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	186,060	119,469
Short-term loans payable	11,321	16,373
Commercial papers	-	20,000
Current portion of bonds	5,000	10,000
Lease obligations	-	3,003
Accrued expenses	50,759	37,732
Income taxes payable	32,063	2,947
Advances received	37,774	46,125
Provision for product warranties	8,551	6,685
Other	20,931	26,997
Total current liabilities	352,463	289,335
Noncurrent liabilities		
Bonds payable	44,500	32,900
Long-term loans payable	15,712	26,756
Lease obligations	-	5,906
Provision for retirement benefits	13,023	14,022
Provision for directors' retirement benefits	532	469
Other	1,263	1,328
Total noncurrent liabilities	75,032	81,382
Total liabilities	427,495	370,718
Net assets		
Shareholders' equity		
Capital stock	64,675	65,475
Capital surplus	79,911	80,711
Retained earnings	245,255	264,827
Treasury stock	(1,357)	(13,439)
Total shareholders' equity	388,485	397,576
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,388	(2,429)
Deferred gains or losses on hedges	(11)	(915)
Foreign currency translation adjustments	(5,884)	(15,377)
Total valuation and translation adjustments	4,492	(18,722)
Subscription rights to shares	146	233
Total net assets	393,125	379,086
Total liabilities and net assets	820,621	749,805

(2) Consolidated Statements of Income

(Million yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	955,791	879,719
Cost of sales	551,550	561,642
Gross profit	404,240	318,076
Selling, general and administrative expenses	269,071	269,891
Operating income	135,169	48,184
Non-operating income		
Interest income	1,562	1,024
Dividends income	1,346	1,182
Foreign exchange gains	-	1,070
Equity in earnings of affiliates	1,308	1,022
Other	3,976	3,673
Total non-operating income	8,195	7,972
Non-operating expenses		
Interest expenses	1,439	1,090
Cash discount	4,508	4,409
Foreign exchange losses	5,092	-
Other	12,184	2,966
Total non-operating expenses	23,224	8,467
Ordinary income	120,139	47,689
Extraordinary income		
Gain on sales of noncurrent assets	179	69
Gain on sale of investment securities	1,634	-
Total extraordinary income	1,813	69
Extraordinary loss		
Loss on retirement of noncurrent assets	922	1,891
Loss on sales of noncurrent assets	29	37
Impairment loss	263	720
Loss on sales of investment securities	94	-
Loss on valuation of investment securities	534	5,930
Loss on valuation of investment in affiliates	1,127	-
Loss on business restructuring	1,383	-
Environmental expenses	894	-
Total extraordinary loss	5,249	8,579
Income before income taxes	116,704	39,180
Income taxes	41,220	11,124
Net income	75,483	28,055

(3) Consolidated Statements of Changes in Net Assets

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2008	64,675	79,911	245,255	(1,357)	388,485
Effect of changes in accounting policies applied to foreign subsidiaries			2,007		2,007
Changes of items during the period					
Issuance of new shares	799	799			1,599
Dividends from surplus			(5,391)		(5,391)
Dividends from surplus (interim dividends)			(4,955)		(4,955)
Net income			28,055		28,055
Purchase of treasury stock				(12,337)	(12,337)
Disposal of treasury stock			(144)	256	112
Net change of items other than shareholders' equity					
Total changes of items during the period	799	799	17,564	(12,081)	7,083
Balance of March 31, 2009	65,475	80,711	264,827	(13,439)	397,576

	Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance of March 31, 2008	10,388	(11)	(5,884)	4,492	146	393,125
Effect of changes in accounting policies applied to foreign subsidiaries						2,007
Changes of items during the period						
Issuance of new shares						1,599
Dividends from surplus						(5,391)
Dividends from surplus (interim dividends)						(4,955)
Net income						28,055
Purchase of treasury stock						(12,337)
Disposal of treasury stock						112
Net change of items other than shareholders' equity	(12,817)	(904)	(9,493)	(23,215)	86	(23,129)
Total changes of items during the period	(12,817)	(904)	(9,493)	(23,215)	86	(16,045)
Balance of March 31, 2009	(2,429)	(915)	(15,377)	(18,722)	233	379,086

Consolidated Statements of Changes in Net Assets

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of March 31, 2007	64,675	79,911	179,019	(1,018)	322,588
Changes of items during the period					
Dividends from surplus			(4,593)		(4,593)
Dividends from surplus (interim dividends)			(4,592)		(4,592)
Net income			75,483		75,483
Purchase of treasury stock				(582)	(582)
Disposal of treasury stock			(65)	243	177
Increase by corporate division			59		59
Adjustment of pension obligation for foreign consolidated subsidiaries			(54)		(54)
Net change of items other than shareholders' equity					
Total changes of items during the period	-	-	66,236	(339)	65,896
Balance of March 31, 2008	64,675	79,911	245,255	(1,357)	388,485

	Valuation and translation adjustments				Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance of March 31, 2007	22,104	(198)	3,672	25,578	83	194	348,444
Changes of items during the period							
Dividends from surplus							(4,593)
Dividends from surplus (interim dividends)							(4,592)
Net income							75,483
Purchase of treasury stock							(582)
Disposal of treasury stock							177
Increase by corporate division							59
Adjustment of pension obligation for foreign consolidated subsidiaries							(54)
Net change of items other than shareholders' equity	(11,716)	187	(9,556)	(21,085)	63	(194)	(21,216)
Total changes of items during the period	(11,716)	187	(9,556)	(21,085)	63	(194)	44,680
Balance of March 31, 2008	10,388	(11)	(5,884)	4,492	146	-	393,125

(4) Consolidated Statements of Cash Flows

(Million yen)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes	116,704	39,180
Depreciation and amortization	25,547	32,892
Impairment loss	273	720
Increase in allowance for doubtful accounts	261	4,306
Increase(decrease) in provision for product warranties	1,106	(1,712)
Increase(decrease) in provision for retirement benefits	(2,382)	1,021
Increase(decrease) in provision for directors' retirement benefits	76	(62)
Interest and dividends income	(2,909)	(2,206)
Equity in earnings of affiliates	(1,308)	(1,022)
Interest expenses	1,439	1,090
Gain on sales of noncurrent assets	(179)	(69)
Loss on sales and retirement of noncurrent assets	950	1,928
Gain on sales of investment securities	(1,634)	-
Loss on sales of investment securities	94	-
Loss on valuation of investment securities	534	5,930
Loss on valuation of stock of subsidiaries and affiliates	1,127	-
Decrease(increase) in notes and accounts receivable-trade	(16,981)	26,694
Increase in inventories	(26,284)	(7,849)
Increase(decrease) in notes and accounts payable-trade	40,704	(56,884)
Other, net	24,885	18,381
Subtotal	162,023	62,338
Interest and dividends income received	3,740	2,274
Interest expenses paid	(1,497)	(1,214)
Income taxes paid	(43,427)	(53,286)
Net cash provided by operating activities	120,839	10,112
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,433)	(31,034)
Proceeds from sales of property, plant and equipment	1,501	586
Purchase of investment securities	(12,387)	(3,440)
Proceeds from sale of investment securities	2,477	-
Net increase(decrease) in loans receivable	59	(324)
Other, net	(12,999)	(10,304)
Net cash used in investing activities	(49,783)	(44,518)
Cash flows from financing activities		
Net increase(decrease) in short-term loans payable	(6,965)	7,432
Increase in commercial papers	-	20,000
Proceeds from long-term loans payable	501	11,700
Repayments of long-term loans payable	(2,048)	(2,819)
Redemption of bonds	(20,000)	(5,000)
Cash dividends paid	(9,187)	(10,338)
Purchase of treasury stock	-	(12,337)
Other, net	(965)	(2,862)
Net cash used in financial activities	(38,664)	5,774
Effect of exchange rate change on cash and cash equivalents	(3,753)	(4,518)
Net decrease in cash and cash equivalents	28,639	(33,151)
Cash and cash equivalents at beginning of period	83,848	112,957
Increase in cash and cash equivalents from newly consolidated subsidiary	470	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(0)
Cash and cash equivalents at end of period	112,957	79,806

(5) Note on assumptions for going concern

Not applicable

(6) Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated subsidiaries : 48 companies

Principal subsidiaries :

Tochigi Nikon Corporation , Tochigi Nikon Precision Co., Ltd., Sendai Nikon Corporation, Nikon Imaging Japan Inc., Nikon Instech Co., Ltd., Nikon (Thailand) Co., Ltd., Nikon Imaging (China) Co., Ltd., Nikon Hong Kong Ltd., Nikon Inc., Nikon Precision Inc., Nikon Europe B.V. and others.

[Additions: 1 company]

Sendai Nikon Precision Corporation was spun off from Sendai Nikon Corporation.

[Exclusions: 1 company]

Nikon Eyewear Co., Ltd. was liquidated during the period.

(2) Non-consolidated subsidiaries : 17 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

Since these companies are small in scale, their combined assets, net sales, net income (the company's interest share) and retained earnings (the company's interest share) have a minimal effect on the company's consolidated financial statements, and they are insignificant in general, they are not included in the scope of consolidation.

2. Scope of Equity Method

(1) Number of Associated company accounted for by Equity Method : 2 companies

Company name : Nikon-Essilor Co., Ltd. , Nikon-Trimble Co., Ltd.

(2) Number of Associated company not accounted for by Equity Method : 17 companies

Major company name : Nanjing Nikon Jiangnan Optical Instrument Co., Ltd.

(3) Number of Associated company not accounted for by Equity Method : 8 companies

Major company name : Nihon System Seigyo K.K.

Since these companies are small in scale, net income (the company's interest share) and retained earnings (the company's interest share) have a minimal effect on the company's consolidated financial statements, and they are insignificant in general.

(7) Summary of Significant Accounting Policies

1. Investment Securities

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 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.

2. 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.

3. 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.

4. 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.

5. Derivatives and Hedging Activities

The Group enters into derivative financial instruments ("derivatives"), including contracts of foreign exchange forward, currency option, foreign currency swap and interest rate swap 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 purpose, 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 expenses or income.

(8)Changes in Accounting Policies

1. Changes in Standards and Method of Valuation of Important Assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method. Effective from April 1, 2008, Nikon Corporation and its domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, operating income, ordinary income, and income before income taxes decreased by 11,059 million yen, respectively.

In addition, loss on retirement 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 yen.

The effect thereof on segment information is indicated in the relevant section.

2. Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from April 1, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006) is being applied and necessary revisions are being made in terms of consolidated closing. As a result, operating income increased by 6,028 million yen, ordinary income and income before income taxes increased by 5,981 million yen respectively.

The effect thereof on segment information is indicated in the relevant section.

3. Application of accounting standard for lease transactions

Finance lease transactions without title transfer were formerly accounted for by the Company and its domestic subsidiaries, in accordance with the method conforming to that regarding ordinary leasing transactions. Effective from April 1, 2008, the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, First Committee of the Business Accounting Council, June 17, 1993; amended March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No. 16, January 18, 1994 (Accounting System Committee, Japanese Institute of Certified Public Accountants); amended March 30, 2007) are applied. Hence, finance lease transactions were accounted for in accordance with the method applied to normal sales transactions. Finance lease transactions without title transfers are depreciated on a straight-line basis, with the lease periods as their useful lives and no residual value.

With regard to finance leases without title transfer occurring prior to the beginning of the current fiscal year ending March 31, 2009, the unexpired lease amount as of the end of the preceding fiscal year is recorded as the acquisition amount and posted as a lease asset acquired as of the beginning of the current fiscal year.

There was no effect on profit or loss from this change.

(9)Notes
Segment Information

[Industry Segments]

(Million yen)

	Year ended March 31, 2008						Consolidated
	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or corporate	
1.Net sales							
1) Outside customers	290,814	586,146	59,042	19,787	955,791	-	955,791
2) Intersegment sales/transfer	1,076	1,964	2,197	36,634	41,872	(41,872)	-
Total	291,891	588,110	61,240	56,422	997,664	(41,872)	955,791
Operating expenses	248,542	504,137	57,158	52,786	862,624	(42,002)	820,622
Operating income	43,348	83,973	4,081	3,636	135,039	129	135,169
2.Assets, depreciation & capital expenditure							
Assets	270,070	229,878	38,964	60,761	599,675	220,945	820,621
Depreciation & amortization	8,642	10,133	1,327	5,574	25,678	-	25,678
Capital expenditure	9,866	24,470	1,707	3,784	39,829	-	39,829

	Year ended March 31, 2009						Consolidated
	Precision Equipment	Imaging Products	Instruments	Other	Total	(Eliminations) or corporate	
1.Net sales							
1) Outside customers	219,915	596,468	44,642	18,693	879,719	-	879,719
2) Intersegment sales/transfer	1,459	945	1,772	31,706	35,884	(35,884)	-
Total	221,375	597,413	46,415	50,399	915,603	(35,884)	879,719
Operating expenses	213,334	557,374	49,138	47,524	867,371	(35,837)	831,534
Operating income (loss)	8,041	40,039	(2,723)	2,875	48,232	(47)	48,184
2.Assets, depreciation & capital expenditure							
Assets	270,694	193,902	31,341	73,706	569,644	180,160	749,805
Depreciation & amortization	11,991	12,247	1,482	7,187	32,909	-	32,909
Capital expenditure	16,621	18,255	1,640	6,950	43,467	-	43,467

Notes: 1. Method for classifying industry segments: The Group's industries are segmented based on their proximity in terms of the type and markets of their products.

2. Leading products of each industry:

Precision Equipment: IC steppers, LCD steppers

Imaging Products: Digital cameras, Film cameras, Interchangeable camera lenses

Instruments: Microscopes, Measuring instruments, Inspection equipment

Other: LCD Photomask Substrates, Sport Optics

3. Changes in standards and method of valuation of important assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from April 1, 2008, Nikon Corporation and its domestic subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease operating income of Precision Equipment segment by 9,363 million yen, Imaging Products segment by 612 million yen, Instruments segment by 664 million yen and Other segment by 419 million yen, respectively.

In addition, loss on retirement 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 Precision Equipment segment by 1,850 million yen, Imaging Products segment by 881 million yen, Instruments segment by 459 million yen and Other segment by 1,235 million yen, respectively.

4. Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from April 1, 2008, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18; May 17, 2006) is being applied and necessary revisions are being made in terms of consolidated closing. As a result, the effect of

this change was to increase operating income of Precision Equipment segment by 5,866 million yen,, Instruments segment by 168 million yen, Other segment by 1 million yen, and decrease operating income of Imaging Products segment by 7 million yen.

[Geographic Segments]

(Million yen)

	Year ended March 31, 2008						(Eliminations) or corporate	Consolidated
	Japan	North America	Europe	Asia/Oceania	Total			
1.Net sales								
1) Outside customers	379,989	240,590	214,214	120,996	955,791	-	955,791	
2) Intersegment sales/transfer	436,718	2,146	232	166,115	605,213	(605,213)	-	
Total	816,708	242,737	214,446	287,112	1,561,005	(605,213)	955,791	
Operating expenses	712,670	230,419	206,848	271,310	1,421,249	(600,627)	820,622	
Operating income	104,037	12,318	7,598	15,801	139,755	(4,586)	135,169	
2.Assets	543,973	71,552	54,056	71,828	741,411	79,210	820,621	

	Year ended March 31, 2009						(Eliminations) or corporate	Consolidated
	Japan	North America	Europe	Asia/Oceania	Total			
1.Net sales								
1) Outside customers	259,843	272,457	219,119	128,299	879,719	-	879,719	
2) Intersegment sales/transfer	463,695	2,200	221	141,037	607,155	(607,155)	-	
Total	723,539	274,657	219,340	269,336	1,486,874	(607,155)	879,719	
Operating expenses	703,367	271,732	213,174	257,372	1,445,647	(614,112)	831,534	
Operating income	20,171	2,925	6,166	11,964	41,227	6,957	48,184	
2.Assets	517,782	79,537	41,915	54,077	693,313	56,492	749,805	

1. The countries or regions are segmented by geographical vicinity.
2. Major countries or regions other than Japan:
 - (1) North America: U.S.A., Canada
 - (2) Europe: The Netherlands, Germany, The United Kingdom
 - (3) Asia/Oceania: China, South Korea, Taiwan, Thailand, Australia
3. Changes in standards and method of valuation of important assets

Inventories held for the purpose of ordinary sales were previously evaluated at cost mainly using the total average method.

Effective from the April 1, 2008, Nikon Corporation and its domestic subsidiaries adopted the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9; July 5, 2006), and these inventories are measured by means of the cost method mainly based on the total average method, which evaluates the amount of the inventories shown on the balance sheet by writing them down based on their decrease in profitability. As a result, the effect of this change was to decrease operating income of Japan by 11,059 million yen.

In addition, loss on retirement 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 Japan by 4,230 million yen, Asia/Oceania by 345 million yen, and increase operating income of Europe by 149 million yen respectively.
4. Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

Effective from April 1, 2008, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18; May 17, 2006) is being applied and necessary revisions are being made in terms of consolidated closing. As a result, the effect of this change was to increase operating income of North America by 6,044 million yen, Asia/Oceania by 91 million yen, and decrease operating income of Europe by 107 million yen.

[Export Sales]

(Million yen)

	Year ended March 31, 2008				
	North America	Europe	Asia/Oceania	Other	Total
I. Export sales (A)	229,826	208,915	244,736	13,318	696,797
II. Net sales (B)					955,791
III. (A)/(B)	24.1%	21.9%	25.5%	1.4%	72.9%

	Year ended March 31, 2009				
	North America	Europe	Asia/Oceania	Other	Total
I. Export sales (A)	261,368	208,957	232,034	13,677	716,037
II. Net sales (B)					879,719
III. (A)/(B)	29.7%	23.7%	26.4%	1.6%	81.4%

Notes: 1. The countries or regions are segmented by geographical vicinity.

2. Major countries or regions other than Japan:

(1) North America: U.S.A., Canada

(2) Europe: The Netherlands, Germany, The United Kingdom

(3) Asia/Oceania: China, South Korea, Taiwan, Singapore, Australia

(4) Other: Middle & South America, Africa

3. Export sales indicate the sales of the Company and its consolidated subsidiaries in countries or regions excluding Japan.

(Per-Share Data)

Fiscal Year Ended March 2008 (From April 1, 2007 to March 31, 2008)		Fiscal Year Ended March 2009 (From April 1, 2008 to March 31, 2009)	
Net assets per share	983.94	Net assets per share	955.72
Net income per share	189.00	Net income per share	70.76
Net income per share(fully diluted)	181.23	Net income per share(fully diluted)	67.91

The basis for calculating net income per share and fully diluted net income per share is shown below.

	Fiscal Year Ended March 2008 (From April 1, 2007 to March 31, 2008)	Fiscal Year Ended March 2009 (From April 1, 2008 to March 31, 2009)
Net income per share		
Net income(million yen)	75,483	28,055
Amount not belonging to common stockholders(million yen)	-	-
Net income related to common stock(million yen)	75,483	28,055
Average shares outstanding(1,000 shares)	399,378	396,520
Net income per share(fully diluted)		
Increase in common stock(1,000 shares)	17,134	16,618
(Subscription rights to shares)(1,000 shares)	371	257
(Convertible bond-type bonds with subscription rights to shares)(1,000 shares)	16,763	16,360
Latent shares not included in fully diluted net income per share calculation due to lack of dilution effect.	-	2007 Stock Options (99 new share subscription rights): 99,000 shares of common stock

4 . Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Million yen)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets		
Cash and deposits	76,657	44,412
Notes receivable-trade	6,822	10,028
Accounts receivable-trade	146,398	62,783
Finished goods	57,400	59,658
Semi-finished goods	326	1,077
Raw materials	40	40
Work in process	109,870	115,431
Supplies	12,725	15,998
Deferred tax assets	23,975	23,853
Short-term loans receivable to subsidiaries and affiliates	16,200	58,895
Accounts receivable-other	12,618	5,866
Accrued income taxes-current	-	11,003
Other	3,426	987
Allowance for doubtful accounts	(1,399)	(255)
Total current assets	<u>465,065</u>	<u>409,781</u>
Noncurrent assets		
Property, plant and equipment		
Buildings, net	18,583	20,114
Structures, net	827	1,136
Machinery and equipment, net	24,415	25,854
Automotive equipment, net	171	198
Tools, furniture and fixtures, net	7,169	6,361
Land	9,871	9,871
Lease assets, net	-	7,031
Construction in progress	6,411	5,758
Total property, plant and equipment	<u>67,450</u>	<u>76,326</u>
Intangible assets		
Patent rights, net	9,120	8,651
Leasehold rights, net	4	4
Trademark, net	80	60
Software, net	9,176	13,178
Lease assets, net	-	5
Rights to use public facilities and other, net	94	93
Total intangible assets	<u>18,476</u>	<u>21,993</u>
Investments and other assets		
Investment securities	66,148	41,647
Investments in subsidiaries and affiliates	26,231	26,331
Capital contributions	2	2
Capital contributions to subsidiaries and affiliates	6,662	6,662
Long-term loans receivable to subsidiaries and affiliates	53	1,728
Long-term loans receivable to employees	27	20
Long-term prepaid expenses	100	284
Deferred tax assets	10,083	22,147
Lease deposits and other assets	3,080	2,932
Allowance for doubtful accounts	(74)	(40)
Total investments and other assets	<u>112,313</u>	<u>101,717</u>
Total noncurrent assets	<u>198,241</u>	<u>200,037</u>
Total assets	<u>663,306</u>	<u>609,819</u>

	(Million yen)	
	As of March 31, 2008	As of March 31, 2009
Liabilities		
Current liabilities		
Notes payable-trade	712	2,089
Accounts payable-trade	144,324	98,999
Loans payable	8,500	13,600
Current portion of long-term loans payable	1,940	240
Commercial papers	-	20,000
Current portion of bonds	5,000	10,000
Lease obligations	-	2,478
Accounts payable for construction	9,644	11,304
Accrued expenses	24,174	20,449
Income taxes payable	23,499	538
Advances received	32,074	28,342
Deposits received	17,675	19,539
Provision for products warranties	6,783	4,298
Other	2,903	5,013
Total current liabilities	277,232	236,894
Noncurrent liabilities		
Bonds payable	44,500	32,900
Long-term loans payable	15,240	26,700
Lease obligations	-	4,634
Provision for retirement benefits	9,559	10,103
Provision for directors' retirement benefits	532	469
Other	494	692
Total noncurrent liabilities	70,326	75,499
Total liabilities	347,558	312,393
Net assets		
Shareholders' equity		
Capital stock	64,675	65,475
Capital surplus	79,911	80,711
Additional paid in capital	79,911	80,711
Retained earnings	162,000	167,874
Legal reserve	5,565	5,565
Revenue reserve	156,435	162,308
Reserve for research and development	2,056	2,056
Reserve for deferred capital gain for replacement of property	7,203	6,313
General reserve	77,211	111,211
Retained earning brought forward	69,964	42,727
Treasury stock	(1,357)	(13,439)
Total shareholders' equity	305,230	300,622
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,383	(2,514)
Deferred gains or losses on hedges	(12)	(915)
Total valuation and translation adjustments	10,370	(3,430)
Subscription rights to shares	146	233
Total net assets	315,748	297,425
Total liabilities and net assets	663,306	609,819

(2) Non-Consolidated Statements of Income

(Million yen)

	Year ended March 31,2008	Year ended March 31,2009
Net sales	732,963	663,945
Cost of sales	526,277	531,137
Gross profit	206,685	132,808
Selling, general and administrative expenses	119,530	121,905
Operating income	87,155	10,903
Non-operating income		
Interest income	899	678
Dividend income	9,458	14,485
Other	4,723	7,596
Total non-operating income	15,081	22,760
Non-operating expenses		
Interest expenses	497	514
Interest expenses on bonds	513	199
Loss on disposals of inventories	4,471	—
Write-down of inventories	5,011	—
Other	7,226	4,470
Total non-operating expenses	17,721	5,184
Ordinary income	84,515	28,478
Extraordinary income		
Gain on sales of fixed assets	113	18
Gain on sales of investment securities	1,633	—
Gain on absorption of investments in affiliates	82	—
Total extraordinary income	1,830	18
Extraordinary loss		
Loss on disposal of fixed assets	721	1,657
Loss on sales of fixed assets	12	7
Loss on restructuring of business	1,928	—
Impairment loss	—	297
Environmental expenses	894	—
Loss on sales of investment securities	84	—
Loss on valuation of investment securities	534	5,904
Loss on valuation of investments in affiliates	1,127	—
Total extraordinary loss	5,301	7,866
Income before income taxes	81,044	20,630
Income taxes-current	35,082	7,039
Income taxes-deferred	(7,691)	(2,773)
Net income	53,653	16,364

(3) Non-Consolidated Statements of Changes in Net Assets

Year ended March 31, 2009

(Million yen)

	Shareholders' equity								Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings					Treasury stock	
		Additional paid in capital	Legal reserve	Reserve for research and development	Reserve for deferred capital gain for replacement of property	General reserve	Retained earning brought forward		
Balance of March 31,2008	64,675	79,911	5,565	2,056	7,203	77,211	69,964	(1,357)	305,230
Changes of items during the period									
Issuance of new shares	799	799							1,599
Reversal of reserve for deferred capital gain for replacement of property					(890)		890		—
Transfer to general reserve from appropriation						34,000	(34,000)		—
Dividends from surplus							(5,391)		(5,391)
Dividends from surplus (Interim dividends)							(4,955)		(4,955)
Net income							16,364		16,364
Purchase of treasury stock								(12,337)	(12,337)
Disposal of treasury stock							(144)	256	112
Net change of items other than Shareholders' equity									
Total changes of items during the period	799	799	—	—	(890)	34,000	(27,236)	(12,081)	(4,608)
Balance of March 31,2009	65,475	80,711	5,565	2,056	6,313	111,211	42,727	(13,439)	300,622

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance of March 31,2008	10,383	(12)	10,370	146	315,748
Changes of items during the period					
Issuance of new shares					1,599
Reversal of reserve for deferred capital gain for replacement of property					—
Transfer to general reserve from appropriation					—
Dividends from surplus					(5,391)
Dividends from surplus (Interim dividends)					(4,955)
Net income					16,364
Purchase of treasury stock					(12,337)
Disposal of treasury stock					112
Net change of items other than Shareholders' equity	(12,898)	(902)	(13,800)	86	(13,714)
Total changes of items during the period	(12,898)	(902)	(13,800)	86	(18,322)
Balance of March 31,2009	(2,514)	(915)	(3,430)	233	297,425

Non-Consolidated Statements of Changes in Net Assets

Year ended March 31, 2008

(Million yen)

	Shareholders' equity									Total shareholders' equity
	Capital stock	Capital surplus		Legal reserve	Reserve for research and development	Retained earnings			Treasury stock	
		Additional paid in capital	Other capital surplus			Reserve for deferred capital gain for replacement of property	General reserve	Retained earnings brought forward		
Balance of March 31, 2007	64,675	79,911	—	5,565	2,056	8,192	50,211	51,573	(1,018)	261,167
Changes of items during the period										
Reversal of reserve for deferred capital gain for replacement of property						(988)		988		—
Transfer to general reserve from appropriation							27,000	(27,000)		—
Dividends from surplus								(4,593)		(4,593)
Dividends from surplus (Interim dividends)								(4,592)		(4,592)
Net income								53,653		53,653
Purchase of treasury stock									(582)	(582)
Disposal of treasury stock			(65)						243	177
Transfer of loss on disposal of treasury stock			65					(65)		—
Net change of items other than Shareholders' equity										
Total changes of items during the period	—	—	—	—	—	(988)	27,000	18,390	(339)	44,062
Balance of March 31, 2008	64,675	79,911	—	5,565	2,056	7,203	77,211	69,964	(1,357)	305,230

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance of March 31, 2007	22,081	(195)	21,885	83	283,136
Changes of items during the period					
Reversal of reserve for deferred capital gain for replacement of property					—
Transfer to general reserve from appropriation					—
Dividends from surplus					(4,593)
Dividends from surplus (Interim dividends)					(4,592)
Net income					53,653
Purchase of treasury stock					(582)
Disposal of treasury stock					177
Transfer of loss on disposal of treasury stock					—
Net change of items other than Shareholders' equity	(11,698)	183	(11,514)	63	(11,451)
Total changes of items during the period	(11,698)	183	(11,514)	63	32,611
Balance of March 31, 2008	10,383	(12)	10,370	146	315,748