

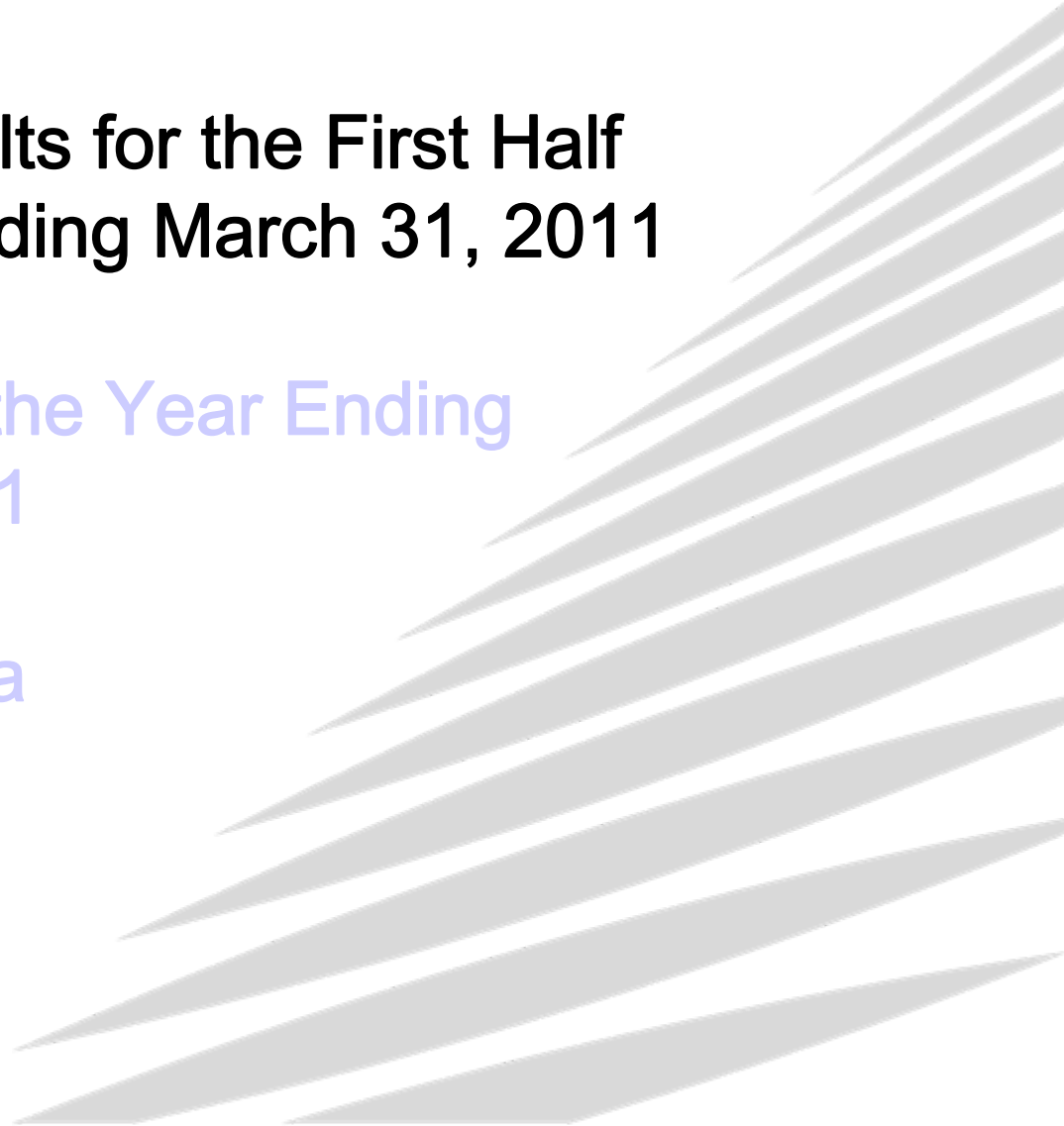


# Financial Results for the 2nd Quarter of the Year Ending March 31, 2011

Conference in Tokyo (Nov.4, 2010)  
**NIKON CORPORATION**

Forward-looking statements for earnings and other performance data contained herein are based on information currently available to the Company, and all potential risks and uncertainties are taken into account. The Company asks that investors understand that changes in conditions may cause actual performance to significantly differ from these projections.

# Agenda

- I . **Financial Results for the First Half  
of the Year Ending March 31, 2011**
  - II . **Estimation for the Year Ending  
March 31, 2011**
  - III . **Reference Data**
- 

# Financial Highlights for the First Half of the Year Ending March 31, 2011



Billions of yen	09/9 (A)	Previous Forecast as of Aug. 5 (B)	10/9 (C)	Change (C-A)	Change (C-B)
<b>Net Sales</b>	368.1	398.0	<b>398.0</b>	+29.9	-
<b>Operating Income</b> % vs Net Sales	- 19.5 -%	13.5 3.4%	<b>15.2</b> 3.8%	+34.7	+1.7
<b>Ordinary Income</b> % vs Net Sales	- 22.3 -%	15.0 3.8%	<b>17.8</b> 4.5%	+40.1	+2.8
<b>Net Income</b> % vs Net Sales	- 17.7 -%	9.0 2.3%	<b>10.6</b> 2.7%	+28.3	+1.6
<b>FCF</b>	15.6	-	<b>64.9</b>	+49.3	-
<b>Exchange : US\$ Rate            EURO</b>	96 133	91 114	<b>89</b> <b>114</b>	Impact on Net Sales: - 24.8            - 4.4 Impact on Op. Income: - 11.9            - 1.3	

Net sales increased 8% from the same period last year in spite of dramatic yen appreciation, getting back in black. The previous income forecast was also exceeded thanks to continuously brisk sales in Imaging business and recovery in Precision Equipment and Instruments businesses.

•The previous income forecast is as of August 5, 2010. Values in this slide are rounded off to the nearest 100 million.

# Financial Highlights for the 2<sup>nd</sup> Quarter of the Year Ending March 31, 2011



Billions of yen	09/9 (A)	Previous Forecast as of Aug. 5 (B)	10/9 (C)	Change (C-A)	Change (C-B)
Net Sales	192.9	192.8	192.8	- 0.1	-
Operating Income % vs Net Sales	- 20.3 -%	2.2 1.1%	3.9 2.0%	+24.2	+1.7
Ordinary Income % vs Net Sales	- 21.0 -%	2.3 1.2%	5.1 2.6%	+26.1	+2.8
Net Income % vs Net Sales	- 13.7 -%	0.8 0.4%	2.5 1.3%	+16.2	+1.7
Exchange : US\$ Rate EURO	94 134	90 110	86 111	Impact on Net Sales: - 15.5	- 4.4 Impact on Op. Income: - 8.6 - 1.3

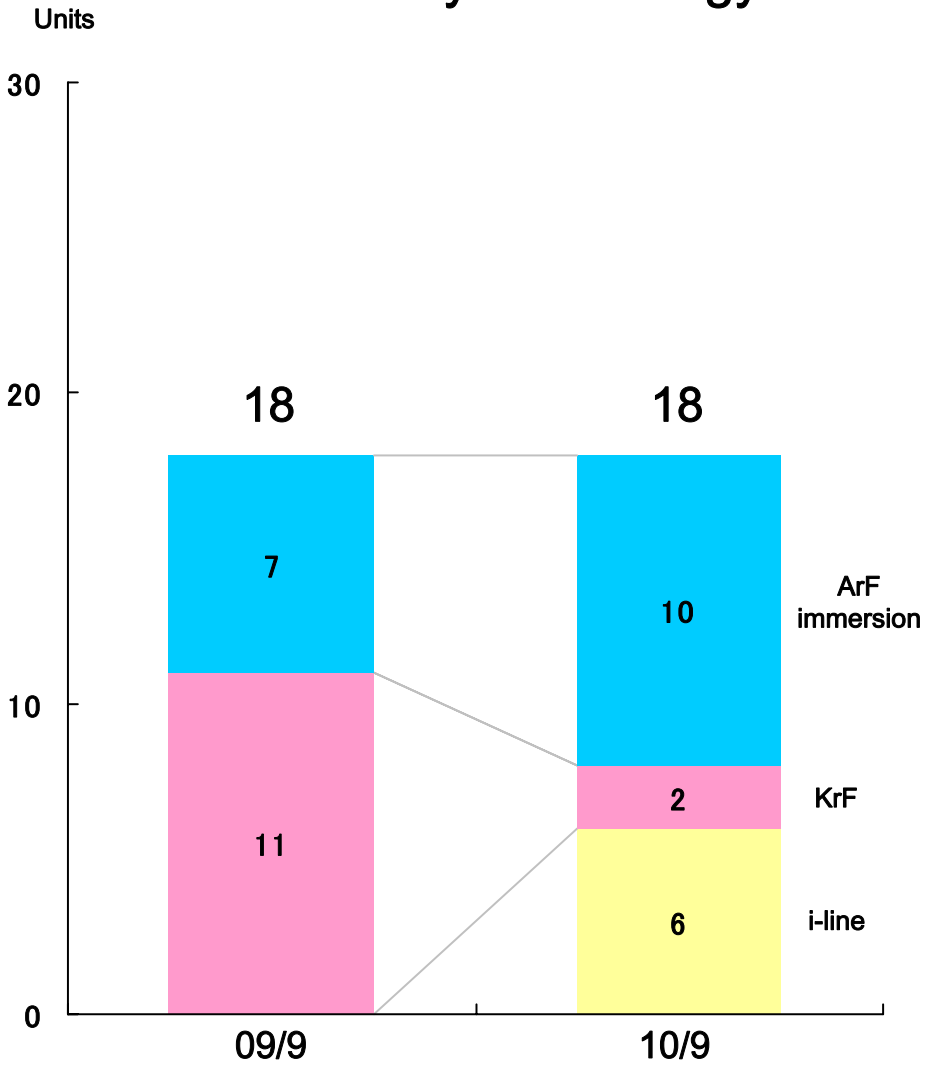
Billions of yen	09/9 (A)	Previous Forecast as of Aug. 5 (B)	10/9 (C)	Change (C-A)	Change (C-B)
<b>Net Sales</b>	66.3	83.0	80.7	+14.4	- 2.3
<b>Operating Income</b> % vs Net Sales	- 44.0 -%	- 4.5 -%	- 4.7 -%	+39.3	-0.2
<b>IC Steppers &amp; Scanners New / Refurbished (units sold)</b>	18/4	17/12	18/12	-/+8	+1/-
<b>LCD Steppers &amp; Scanners (units sold)</b>	16	25	23	+7	-2

Improved product mix and the increased sales volume of LCD steppers & scanners helped the half-year sales to increase and the operating loss to shrink. Substantial reduction of the loss on disposal and write-down of inventories also contributed to the favorable result.

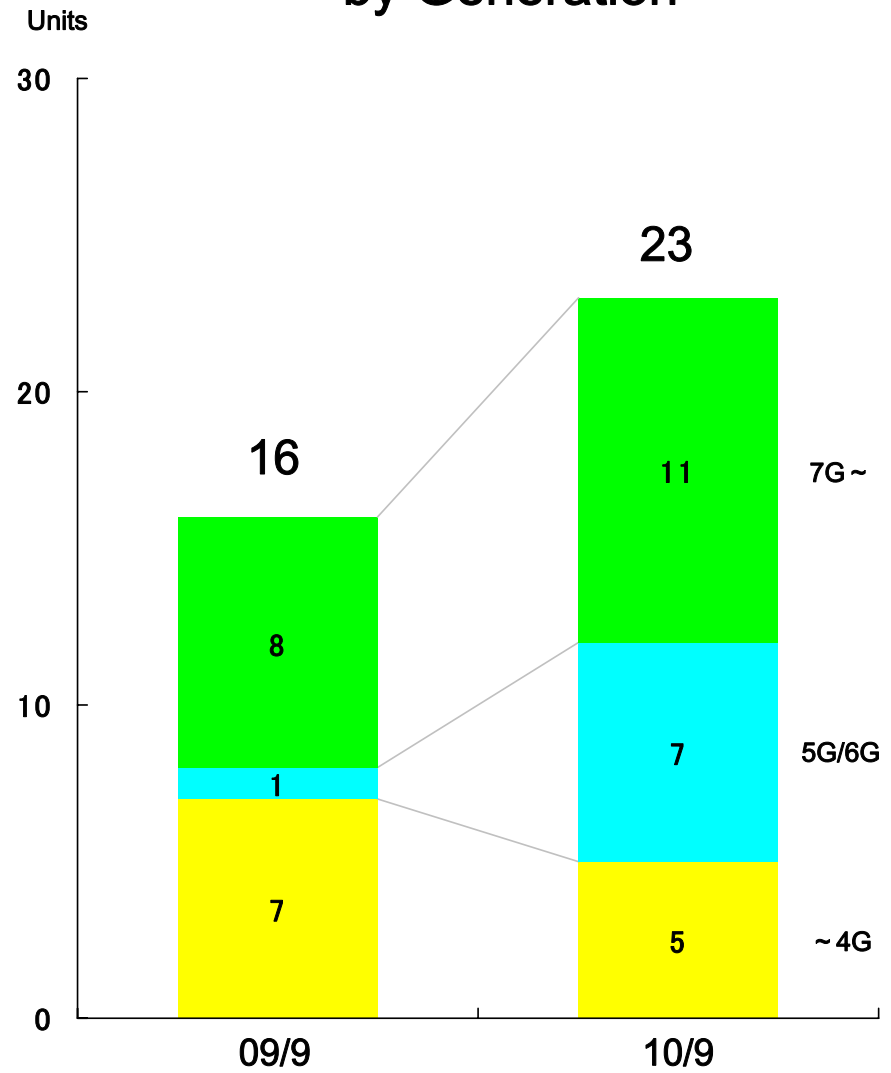
Sales of one IC scanner, which was expected to occur in the next quarter, was posted in this quarter while sign-off of two LCD scanners was postponed to the 3<sup>rd</sup> quarter: the overall result was slightly short of the forecast.



## IC Steppers & Scanners Sales by Technology



## LCD Steppers & Scanners by Generation



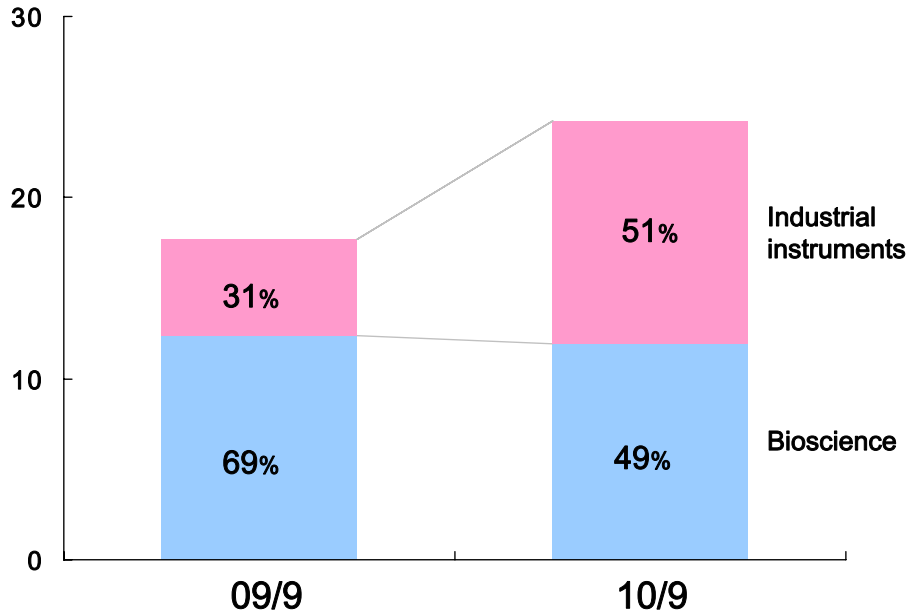
# Imaging Company: 1<sup>st</sup> Half

Billions of yen	09/9 (A)	Previous Forecast as of Aug. 5 (B)	10/9 (C)	Change (C-A)	Change (C-B)
Net Sales	275.3	280.0	281.8	+6.5	+1.8
Operating Income % vs Net Sales	26.5 9.6%	21.0 7.5%	22.3 7.9%	-4.2	+1.3
Single-Lens Reflex DSC (1,000 of units sold)	1,660	1,950	1,900	+240	-50
Interchangeable Lenses (1,000 of units sold)	2,450	2,850	2,950	+500	+100
Compact DSC (1,000 of units sold)	5,130	6,200	6,700	+1,570	+500

Although all of single-lens reflex DSC, interchangeable lenses and compact DSC posted double-digit increase in terms of sales volume from the same period last year, net sales resulted in a slight increase and operating income lowered due to strong yen. The forecast was surpassed after the impact by dollar depreciation was absorbed.

Billions of yen	09/9 (A)	Previous Forecast as of Aug. 5 (B)	10/9 (C)	Change (C-A)	Change (C-B)
<b>Net Sales</b>	17.8	25.0	24.2	+ 6.4	- 0.8
<b>Operating Income</b> % vs Net Sales	- 2.6 -%	- 4.0 -%	- 4.1 -%	- 1.5	- 0.1

Billions of yen

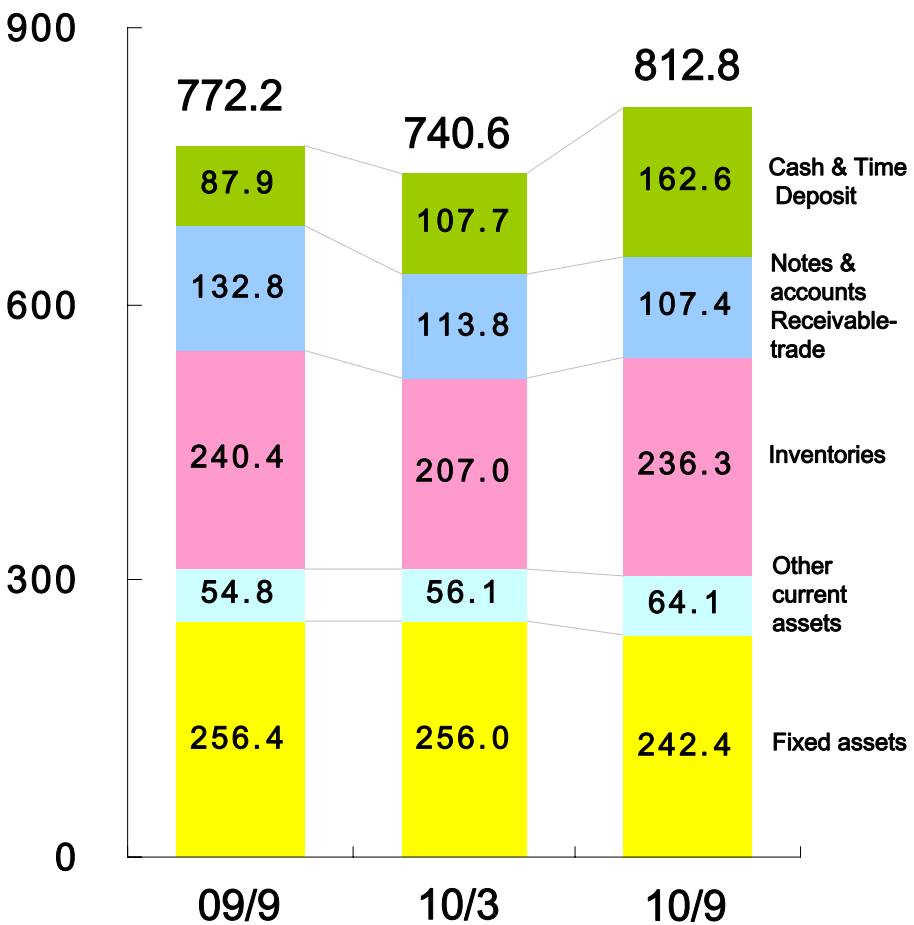


Compared with the 1st half of last year, while net sales in Bioscience reduced slightly, that of the Industrial Instruments showed a robust gain. The loss was expanded due to strong yen and depreciation of goodwill: however, it was within the assumption.



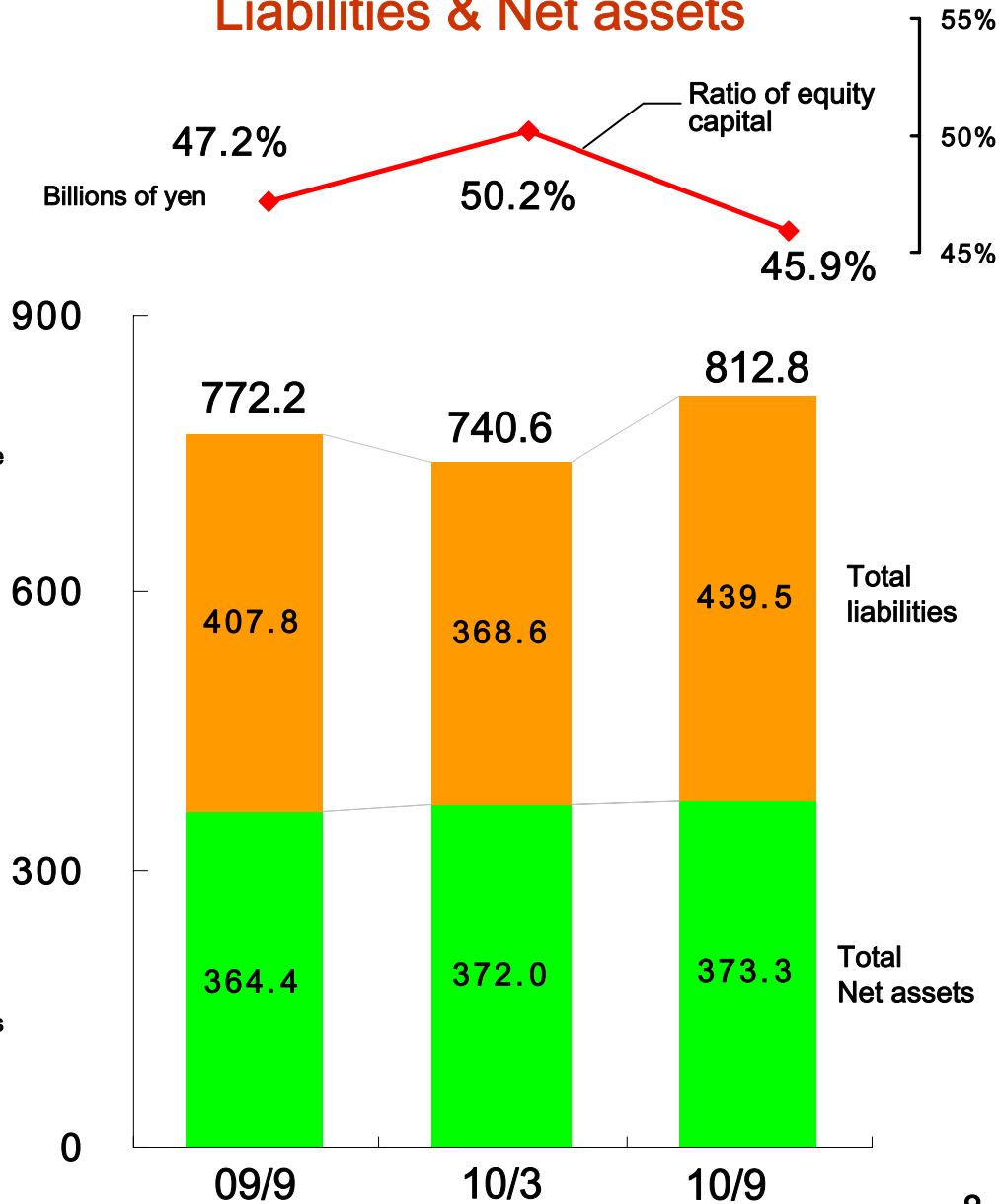
## Assets

Billions of yen



## Liabilities & Net assets

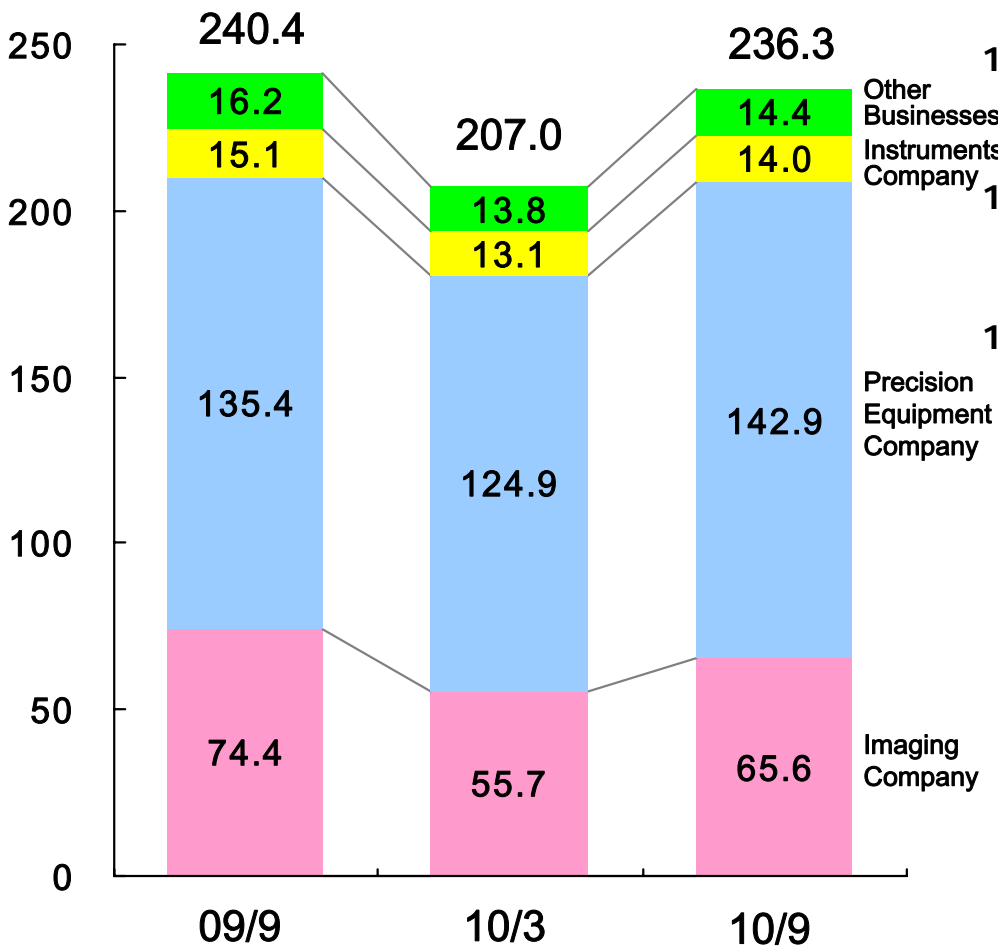
Billions of yen



# Balance Sheet : 1st Half

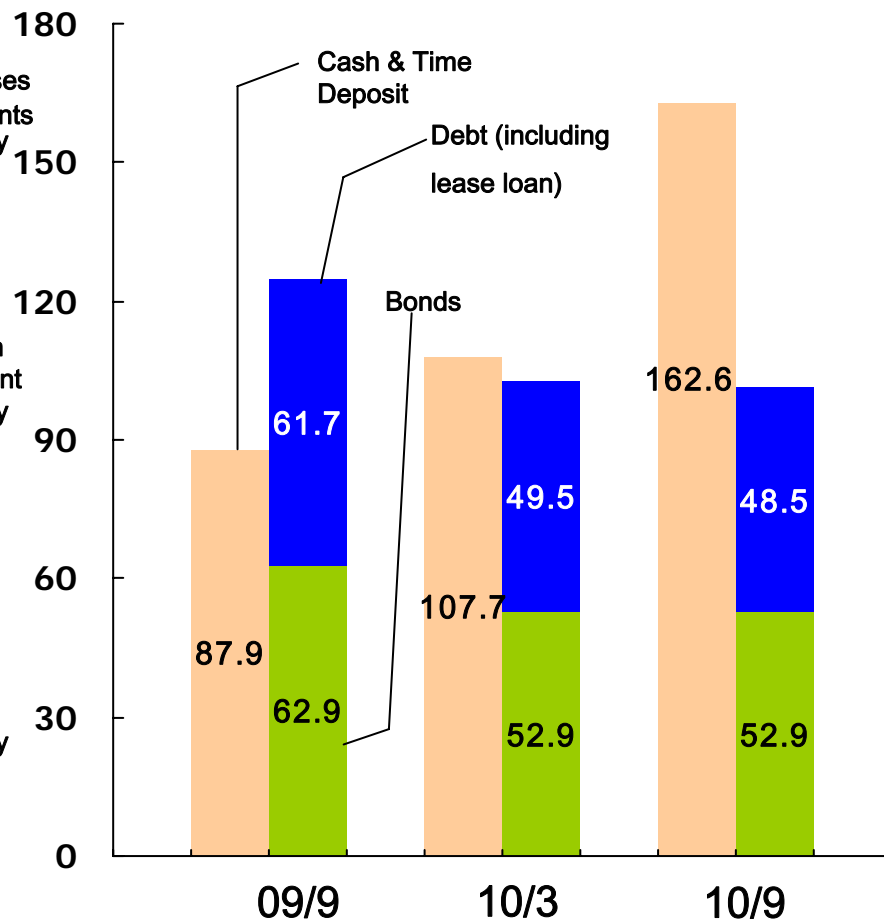
## Inventories

Billions of yen



## Cash & Time Deposit and Interest-bearing Debt

Billions of yen



- ◆ All business domains ended the 1<sup>st</sup> half with higher sales than that of the same period last year in the midst of rapid and progressive yen appreciation. Operating income saw dramatic improvements.

- Precision Equipment Company

- \*First half of previous year was deeply in red because of loss of disposal and write-down of inventories: however, this half year enjoyed increased sales and reduced loss, partly contributed by improved product mix and increased sales volume of LCD steppers and scanners.

- \*New immersion model, S620D, achieved the throughput of >180 WPH and overlay accuracy of <2.5 nm.

- Imaging Company

- \*Although single-lens reflex DSC, interchangeable lenses, and compact DSC posted double-digit increase in terms of sales volume, net sales resulted in a slight increase and operating income lowered due to strong yen.

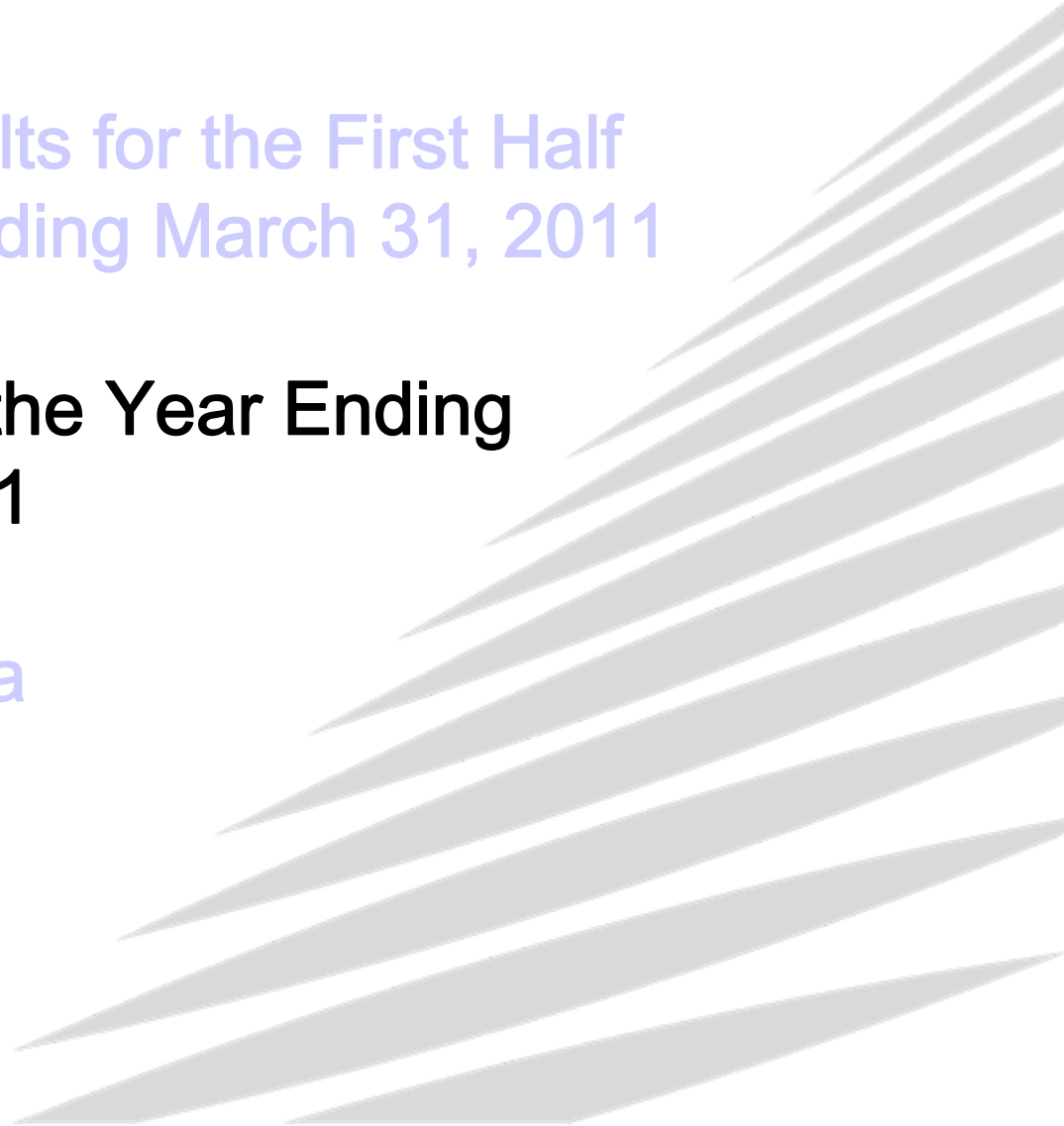
- Instruments Company

- \*While net sales in Bioscience reduced slightly, that of the Industrial Instruments showed a robust gain.

- \*The loss increase had been expected and was within the assumption.

- ◆ Interim cash dividend per share of common stock: 5 yen

# Agenda

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# Performance Estimation for the Year Ending March 31, 2011



Billions of yen	10/3 (A)	1H 2H	Previous Forecast as of Aug. 5 (B)	1H 2H	New Estimation (C)	1H 2H	Change (C-A)	Change (C-B)	1H 2H
<b>Net Sales</b>	785.5	<u>368.1</u> 417.4	890.0	<u>398.0</u> 492.0	870.0	<u>398.0</u> 472.0	+84.5	-20.0	<u>-</u> -20.0
<b>Operating Income</b> % vs Net Sales	-13.9 -%	<u>-19.5</u> 5.6	52.0 5.8%	<u>13.5</u> 38.5	48.0 5.5%	<u>15.2</u> 32.8	+61.9	-4.0	<u>+1.7</u> -5.7
<b>Ordinary Income</b> % vs Net Sales	-15.3 -%	<u>-22.3</u> 7.0	50.0 5.6%	<u>15.0</u> 35.0	49.0 5.6%	<u>17.8</u> 31.2	+64.3	-1.0	<u>+2.8</u> -3.8
<b>Net Income</b> % vs Net Sales	-12.6 -%	<u>-17.7</u> 5.1	30.0 3.4%	<u>9.0</u> 21.0	30.0 3.4%	<u>10.6</u> 19.4	+42.6	-	<u>+1.6</u> -1.6
<b>FCF</b>	56.4	<u>15.6</u> 40.8	58.0		65.0		+8.6	+7.0	
<b>Exchange : US\$ Rate EURO</b>	93 131	<u>96</u> 90 <u>133</u> 129	91 112	<u>91</u> 90 <u>114</u> 110	84 112	<u>89</u> 80 <u>114</u> 110			

The assumed exchange rate was shifted 10 yen stronger against US dollar. Although further efforts will be made to reduce the cost, forecasts for net sales, operating income, and ordinary income were revised downward because of economy uncertainty.

\* Previous forecast is as of August 5, 2010.

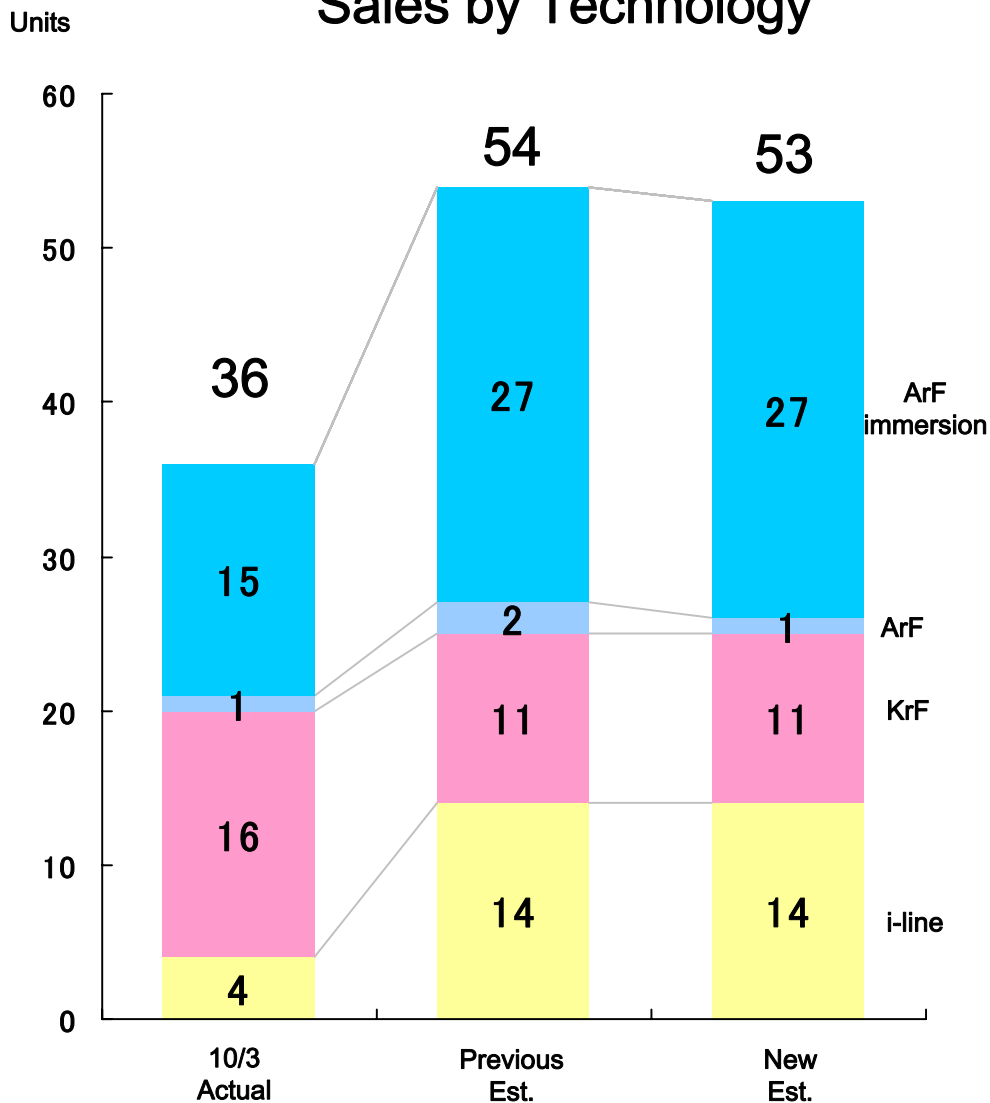
# Estimation for Precision Equipment Company

Billions of yen	10/3	1H 2H	Previous Forecast as of Aug. 5 (B)	1H 2H	New Estimation	1H 2H
Net Sales	150.1	$\frac{66.3}{83.8}$	220.0	$\frac{83.0}{137.0}$	215.0	$\frac{80.7}{134.3}$
Operating Income % vs Net Sales	-58.6 -%	$\frac{-44.0}{-14.6}$	6.0 2.7%	$\frac{-4.5}{10.5}$	4.0 1.9%	$\frac{-4.7}{8.7}$
IC Steppers & Scanners New / Refurbished (units sold)	36/13	$\frac{18/4}{18/9}$	54/22	$\frac{17/12}{37/10}$	53/24	$\frac{18/12}{35/12}$
LCD Steppers & Scanners (units sold)	45	$\frac{16}{29}$	62	$\frac{25}{37}$	62	$\frac{23}{39}$
Market Scale IC Steppers & Scanners (units sold)	112		Approx. 220		Approx. 220	
Market Scale LCD Steppers & Scanners, (TFT-array Only) (units sold)	74		Approx. 110		Approx. 110	

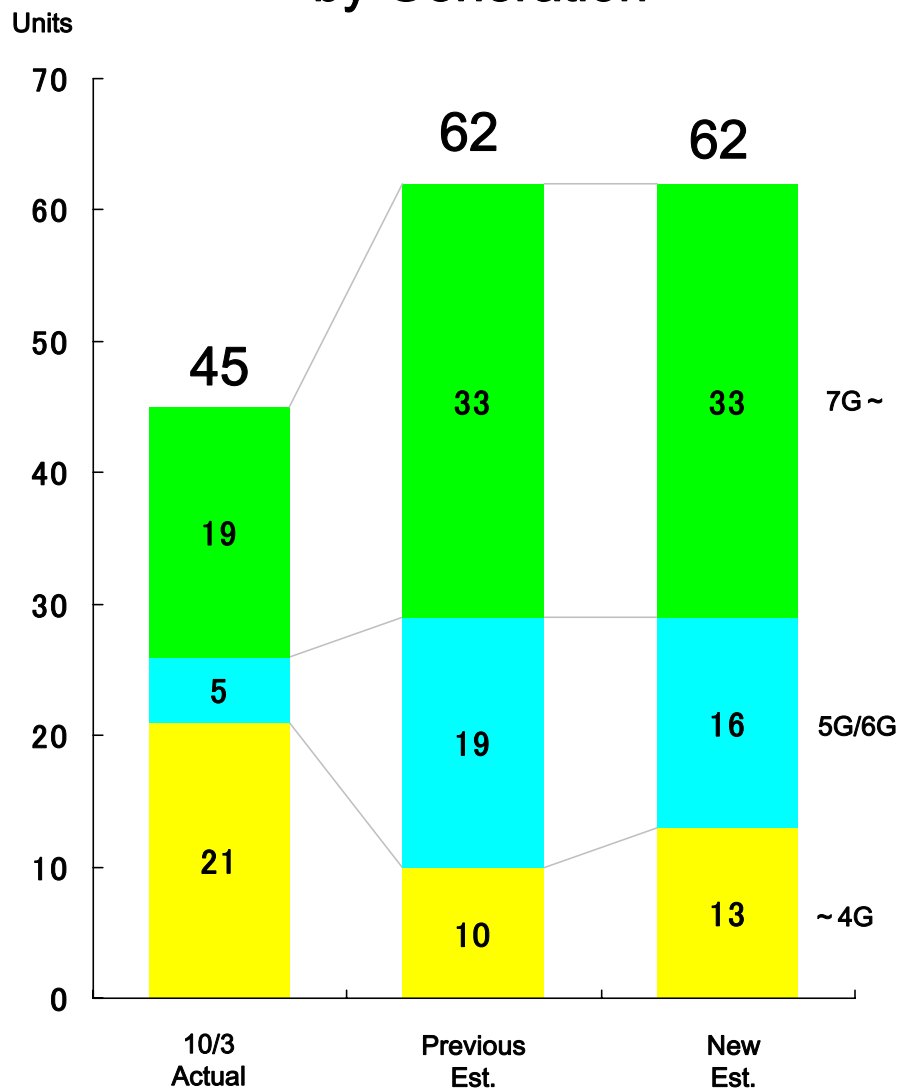
Net sales and operating income are revised downward due to lost sales of one IC scanner, LCD stepper/scanner product mix reshuffle, and weak dollar. Despite these, operating income forecast of Precision Equipment Company remains in black.

# Estimation for Precision Equipment Company

## IC Steppers & Scanners Sales by Technology



## LCD Steppers & Scanners by Generation



- ◆ Nikon considers immersion double-patterning as the practical solution for 22 nm generation.  
Immersion double-patterning is extendable enough to accommodate future generations.
- ◆ Nikon matures both immersion double-patterning and EUVL technologies to support the 1x nm generation.  
Needs for 16 nm lithography is expected to rise around 2016.  
It is necessary to monitor and judge the mass production timing of masks, light sources and resist materials that are critical to achieve EUVL.
- ◆ Development of EUVL element technology is also promoted.  
Focus is on the development of high-NA ( $\geq 0.35$ ) optics that supports 1x nm generation.



# Estimation for Imaging Company



Billions of yen	10/3	1H 2H	Previous Forecast as of Aug. 5 (B)	1H 2H	New Estimation	1H 2H
<b>Net Sales</b>	<b>569.5</b>	<u>275.3</u> 294.2	<b>590.0</b>	<u>280.0</u> 310.0	<b>575.0</b>	<u>281.8</u> 293.2
<b>Operating Income</b> % vs Net Sales	<b>52.1</b> 9.1%	<u>26.5</u> 25.6	<b>48.0</b> 8.1%	<u>21.0</u> 27.0	<b>46.0</b> 8.0%	<u>22.3</u> 23.7
<b>Single-Lens Reflex DSC</b> (1,000 of units sold)	<b>3,670</b>	<u>1,660</u> 2,010	<b>4,250</b>	<u>1,950</u> 2,300	<b>4,250</b>	<u>1,900</u> 2,350
<b>Interchangeable Lenses</b> (1,000 of units sold)	<b>5,450</b>	<u>2,450</u> 3,000	<b>6,200</b>	<u>2,850</u> 3,350	<b>6,350</b>	<u>2,950</u> 3,400
<b>Compact DSC</b> (1,000 of units sold)	<b>11,510</b>	<u>5,130</u> 6,380	<b>13,500</b>	<u>6,200</u> 7,300	<b>14,000</b>	<u>6,700</u> 7,300
<b>Market Scale SLR-DSC</b> (1,000 of units sold)	<b>10,880</b>		<b>12,200</b>		<b>13,000</b>	
<b>Market Scale Interchangeable Lenses</b> (1,000 of units sold)	<b>17,720</b>		<b>20,000</b>		<b>22,000</b>	
<b>Market Scale C-DSC</b> (1,000 of units sold)	<b>102,740</b>		<b>110,000</b>		<b>112,000</b>	

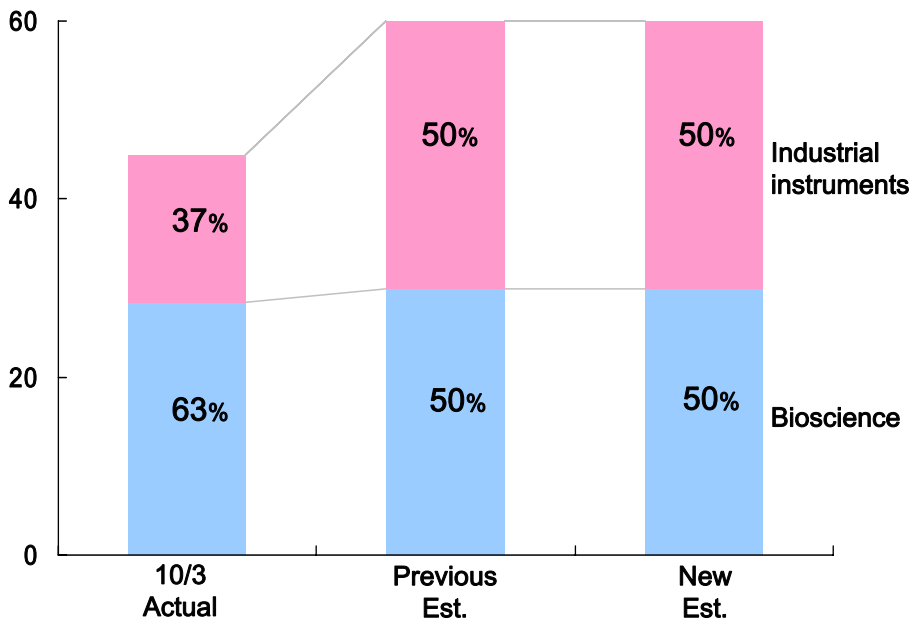
Single-lens reflex DSC aims to compensate the unachieved forecasts of the first half. Forecasts for interchangeable lenses and compact DSC are revised upward.

Because the assumed exchange rate was changed, net sales and operating income for the year are revised downward.

# Estimation for Instruments Company

Billions of yen	10/3	1H 2H	Previous Forecast as of Aug. 5 (B)	1H 2H	New Estimation	1H 2H
<b>Net Sales</b>	<b>45.1</b>	<u>17.8</u> 27.3	<b>60.0</b>	<u>25.0</u> 35.0	<b>60.0</b>	<u>24.2</u> 35.8
<b>Operating Income</b> % vs Net Sales	<b>-9.3</b> -%	<u>-2.6</u> -6.7	<b>-4.5</b> -%	<u>-4.0</u> -0.5	<b>-5.0</b> -%	<u>-4.1</u> -0.9

Billions of yen

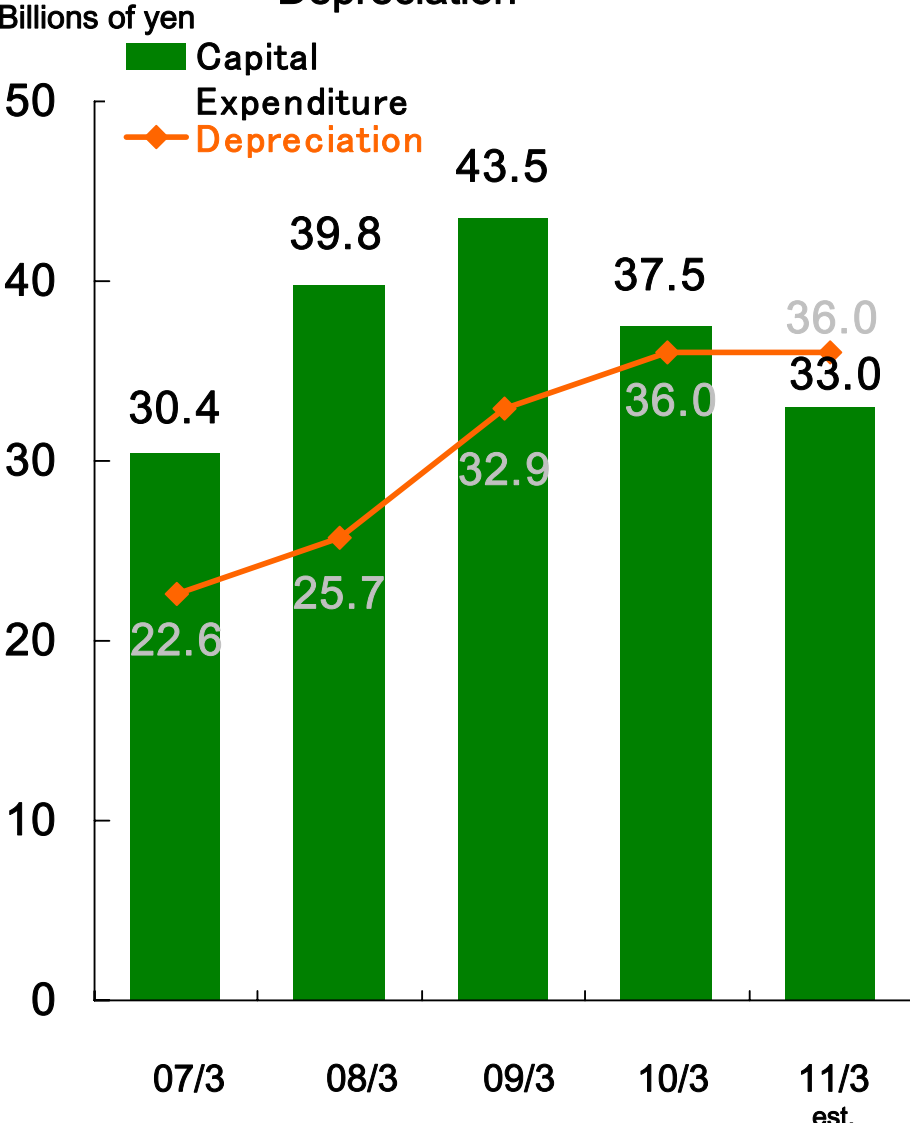


Operating income forecast is revised downward because of fiercer competitions in addition to strong yen.

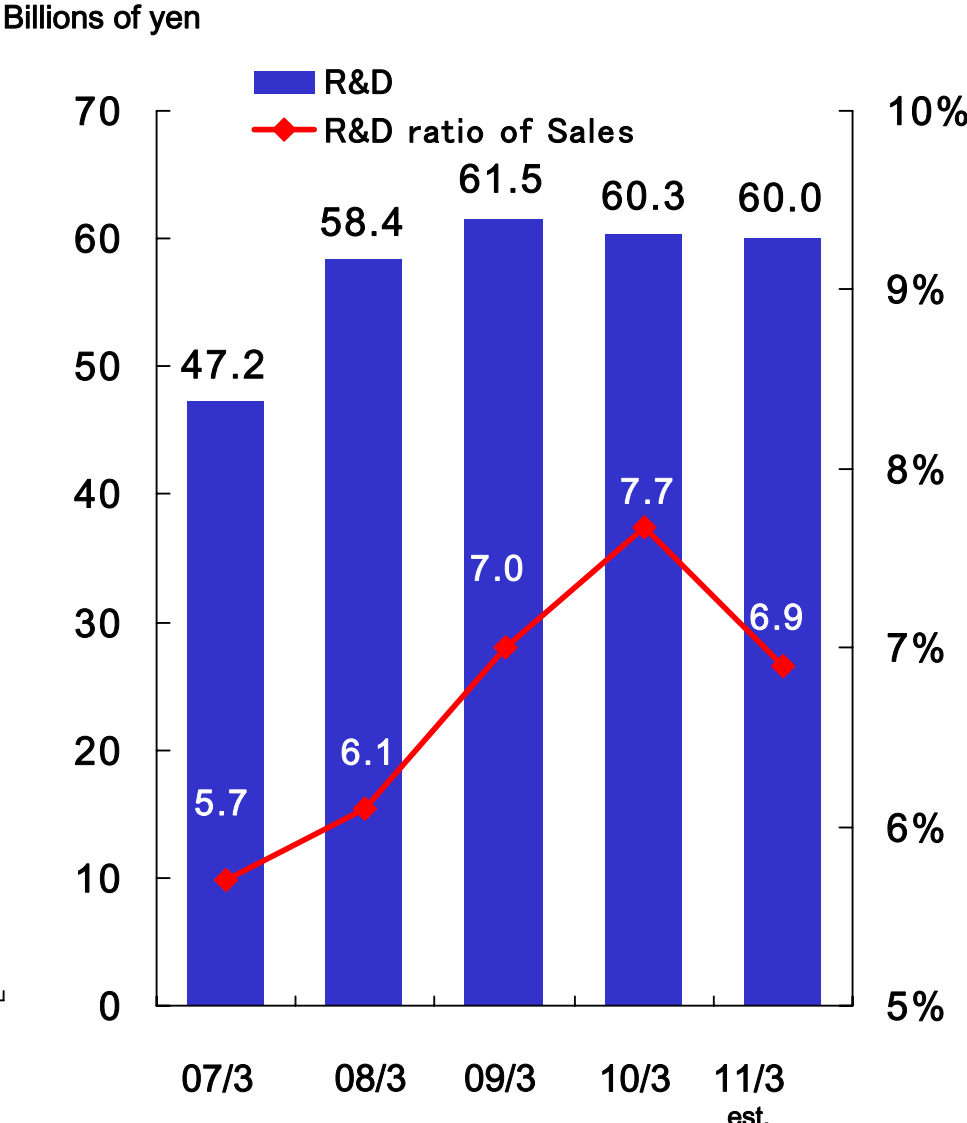
# Estimation for Capital Expenditure, Depreciation and R&D



### Capital Expenditure & Depreciation



### R&D



\* 09/3 ~: Include the amount of acquisition of Lease asset by change of Accounting Standard for Lease Transactions

- ◆ Forecasts for net sales, operating income and ordinary income for the whole year are lowered because the assumed exchange rate was shifted toward weaker dollar. Further cost reduction efforts will be made through lead-time reduction, etc.
- Precision Equipment Company:
  - \*New immersion model, S620D, is being tested with the customer processes in a bid to achieve the target performances.
  - \*The market for high-precision mid/small-sized panels are showing robustness. A new building is under construction to increase the production capacity.
- Imaging Company:
  - \*Newly launched D7000 and D3100 are selling well. New-generation camera is under development.
  - \*Endeavor for development of emerging nations' markets, cost reduction and after-sales service improvement will continue.
- Instruments Company:
  - \*New products, non-contact multi-sensor 3D metrology system HN-6060 and digital microscope ShuttlePix P-400R, are favorably perceived.
- ◆Cash dividend per share of common stock: 19 yen (entire year) as planned

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## 11/3 Estimation

Billions of yen	Exchange Rate	Financial Impact from fluctuation by 1 yen	
	11/3 2H Forecast	Net Sales (2H)	Operating Income (2H )
US\$	80 yen	Approx. 2.5	Approx. 0.6
EURO	110 yen	Approx. 0.8	Approx. 0.5

# Earning Estimation for the Year Ending March 31, 2011

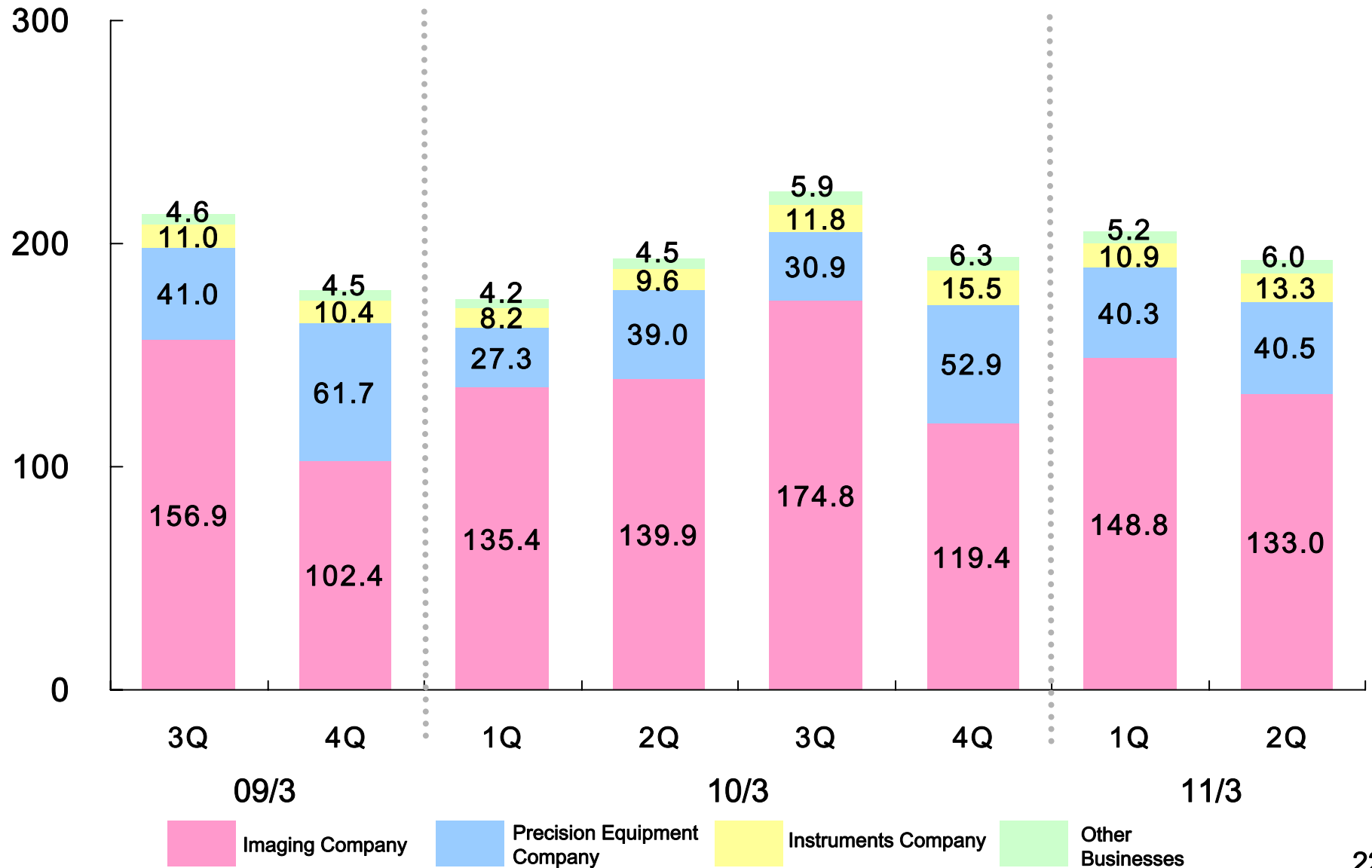


Billions of yen		10/3 Actual		Previous Forecast as of Aug. 5, 2010		11/3 Estimation	
Operating Income	1H	-13.9	-19.5	52.0	13.5	48.0	15.2
	2H		5.6		38.5		32.8
Non-operating Income/Expenses-net		-1.4		-2.0		1.0	
Ordinary Income	1H	-15.3	-22.3	50.0	15.0	49.0	17.8
	2H		7.0		35.0		31.2
Extra ordinary Income/Expenses-net		-2.3		-5.0		-6.0	
Income Taxes		-5.0		15.0		13.0	
Net Income	1H	-12.6	-17.7	30.0	9.0	30.0	10.6
	2H		5.1		21.0		19.4

# Quarterly Net Sales by segments



Billions of yen

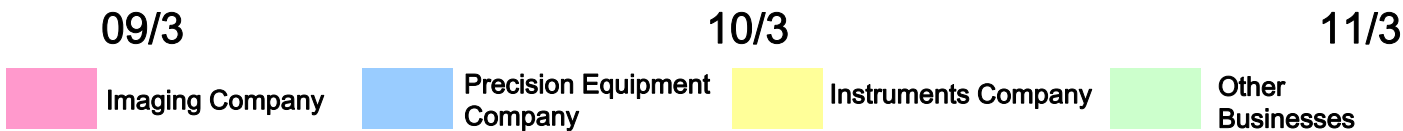
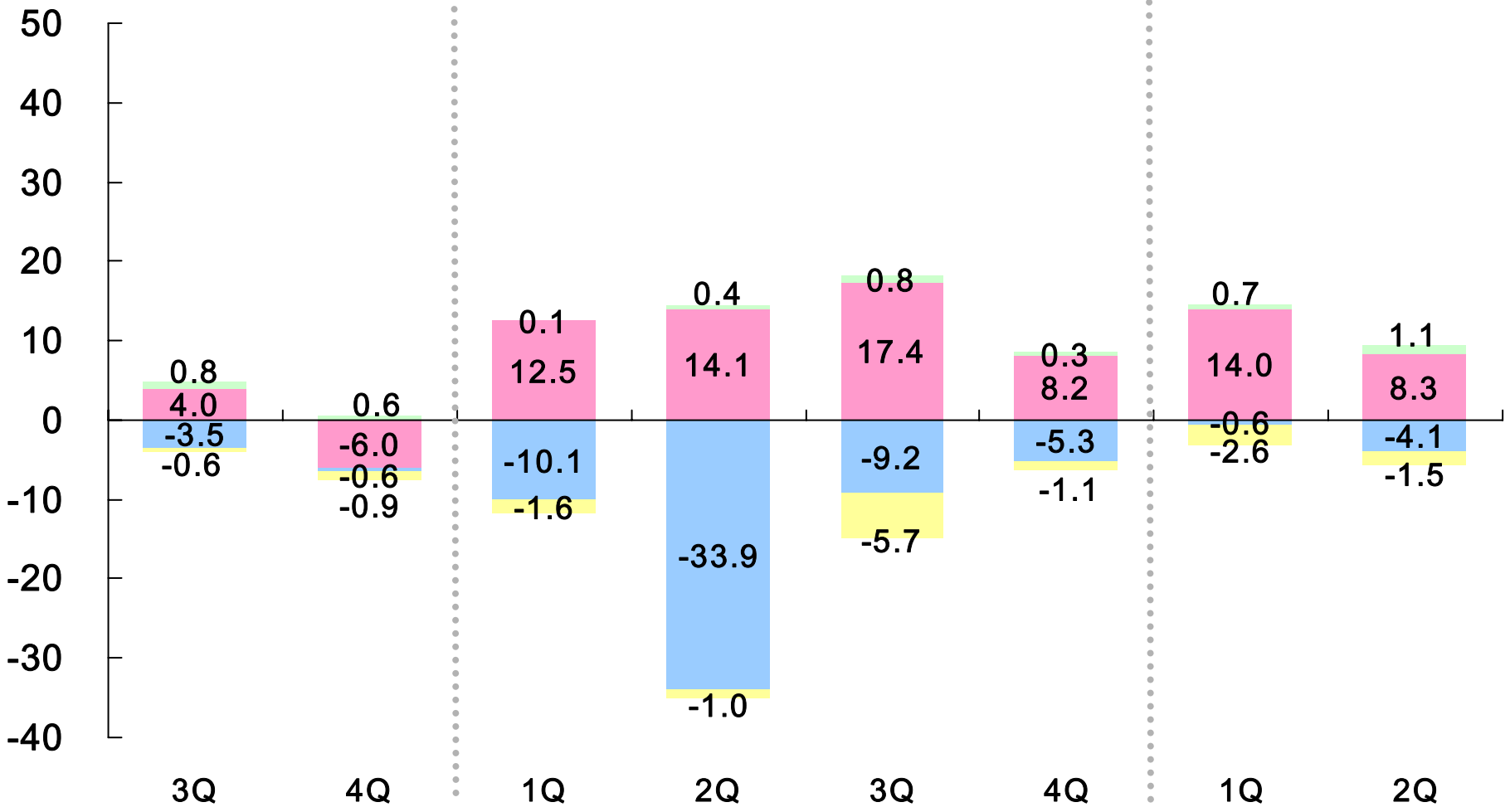




# Quarterly Operating Income by segments



Billions of yen





**NIKON CORPORATION**